SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-59603; File No. SR-NYSEArca-2009-21)

March 19, 2009

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by NYSE Arca, Inc. Amending Rule 6.62 to Provide Additional Order Types

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")[1] and Rule 19b-4 thereunder,[2] notice is hereby given that on March 10, 2009, NYSE Arca, Inc. ("NYSE Arca" or the "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend Rule 6.62 to provide additional order types which will give investors greater control over the circumstances in which their orders are executed. Changes to the rule text are shown in the attached Exhibit 5. A copy of this filing is available on the Exchange's Web site at www.nyse.com, at the Exchange's principal office and at the Commission's Public Reference Room.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places

1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of this proposed rule change is to provide additional order types which will give market participants greater control over the circumstances in which their orders are executed.

NYSE Arca's options market has a price-time priority market structure, with automated routing if an incoming order is marketable against the National Best Bid/Offer ("NBBO"), but not immediately marketable on the Exchange. While the Exchange considers this to be a highly desirable market structure, some investors and market participants wish to provide liquidity in some but not all circumstances; others wish to not have orders routed but still be available for execution on NYSE Arca. To help meet these desires, the Exchange proposes the following order types:

Tracking Order

A Tracking Order is an undisplayed limit order that is eligible for execution in the Working Order Process against orders equal to or less than the size of the Tracking Order. While Tracking Orders are ranked at their limit price, they are only eligible for execution at a price that matches the NBBO. A Tracking Order is intended only to provide liquidity in the event a marketable order would otherwise route to another exchange.

Tracking Orders have no standing with regard to open outcry trading, as they are not displayed, nor (unlike a Price Improving Order or Quote) are they represented in the disseminated bid or offer at an indicative price. Tracking Orders only have standing if contra interest in the NYSE Arca System would otherwise be routed to another market center at the NBBO. If a Floor Broker needs to enter an order into the System in order to clear the NBBO prior to executing at a worse price on the Floor, that order will trade with any eligible Tracking Orders.

For instance, the NBBO market in a series is 2.05 – 2.15, with a 2.10 Tracking Order to buy 10 contracts, but the NYSE Arca displayed bid is 2.00. An order is received to sell 6 contracts at 2.05; this order will be matched against the 2.10 buy Tracking Order at a price of 2.05, matching the NBBO.

Similarly, with the same initial scenario, a second Tracking Order to buy 20 contracts paying 2.05 is placed in the Consolidated Book. An order is received to sell 15 contracts at 2.05. This order is matched against the second Tracking Order, rather than the first Tracking Order, because it is greater in size than the first Tracking Order, but not greater in size than the second Tracking Order. It will be executed at 2.05, the NBBO price.

If a Tracking Order is executed but not exhausted, the remaining portion of the order shall be cancelled, without routing the order to another market center or market participant. A Tracking Order shall not trade-through the NBBO.

Attempts to use a Tracking Order to execute a cross transaction would be considered a violation of NYSE Arca Rule 6.47A, as that rule requires an order to be exposed (displayed) if it is part of a cross transaction.

<u>Liquidity Adding Order</u>

A Liquidity Adding Order is a limit order that will only be accepted if it is not marketable at the time of receipt. It is intended to provide liquidity and also will receive a liquidity adding credit if entered into an issue that credits a Post Liquidity Fee. Liquidity Adding Orders are not eligible for routing, but will be rejected if marketable against the NBBO. If a Liquidity Adding Order will lock or cross the market at the time of entry it will be rejected. Liquidity Adding Orders that, at the time of entry, would other wise interact with undisplayed orders will be rejected. Liquidity Adding Orders may have a time-in-force of Day or GTC, but not IOC.

PNP-Blind Order

NYSE Arca has an existing order type known as PNP (Post No Preference)[3] which is a limit order that is only to be executed on the Exchange, and may be ranked in the Consolidated Book if not marketable, but is never to be routed. A PNP order that is marketable against the NBBO when entered is cancelled back to the entering OTP Holder.

Certain OTP Holders have asked for a similar order type that will also not route if marketable against the NBBO, but, unlike a PNP order, will not be cancelled if similarly marketable.

A PNP Blind order is a limit order that is to be executed on the Exchange, but never routed to another market. The unexecuted portion of a PNP Blind order is to be ranked in the Consolidated Book. Unlike a conventional PNP order, a PNP Blind Order that is marketable against the NBBO will not be cancelled; however, the price and size will not be disseminated to OPRA. If the NBBO moves so that the PNP Blind Order no longer locks or crosses the NBBO, the order's price and size will be disseminated. When a PNP Blind order is not displayed, it provides price improvement to any incoming contra-side order. A PNP Blind order will be executed at its limit price, if displayed, or at a price that matches the contra side of the NBBO, if undisplayed.

---

[3] See NYSE Arca Rule 6.62(p).

PNP Light Order

A conventional PNP Order is a Limit Order that is to be executed in whole or in part on the Exchange, and the portion that is not so executed is to be ranked in the Consolidated Book, without routing any portion of the order to another market center; provided, however, the Exchange shall cancel a PNP Order that would lock or cross the NBBO. A PNP Order is eligible for execution against any displayed and undisplayed trading interest in the Consolidated Book, such as a PNP Blind Order, or the undisplayed portion of a Reserve Order.[4]

A PNP Light Order is a PNP order that carries the added instruction to cancel the order if it is marketable against interest that is not displayed in the Consolidated Book. This provides OTP Holders greater ability to control the circumstances in which their orders are executed.

As with a conventional PNP order, a PNP Light order is to be executed in whole or in part on the Exchange, and the portion not so executed is to be ranked in the Consolidated Book, without routing any portion of the order to another market center; provided, however, the Exchange shall cancel a PNP-Light Order that would (i) lock or cross the NBBO, or (ii) be marketable against undisplayed interest in the Consolidated Book. For example, if there is a resting PNP Blind order in the Consolidated Book that is not displayed, a contra sided PNP Light order will be cancelled.

A PNP Light order will execute against a Price Improving Order or Quote[5], or against the displayed portion of a Reserve Order, since such orders are represented and displayed in the Consolidated Book.

A PNP Light order will be executed at the NBBO if executed upon receipt, or else at its limit price (unless price-improved by a Price Improving Order or Quote).

---

4 See NYSE Arca Rule 6.62(d)(3).

5 See NYSE Arca Rule 6.62(s).

PNP, PNP Blind, and PNP Light orders will never execute against Tracking Orders.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with and furthers the objectives of Section 6(b)(5) of the Act,[6] in that it is designed to promote just and equitable principles of trade, remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest, by providing investors with additional order types that allow greater flexibility in managing the circumstances in which their orders are executed.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act[7] and Rule 19b-4(f)(6) thereunder.[8] Because the proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of

---

6 15 U.S.C. 78f(b)(5).

7 15 U.S.C. 78s(b)(3)(A)(iii).

8 17 CFR 240.19b-4(f)(6).

investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act[9] and Rule 19b-4(f)(6)(iii) thereunder.[10]

At any time within 60 days of the filing of such proposed rule change the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (http://www.sec.gov/rules/sro.shtml); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NYSEArca-2009-21 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NYSEArca-2009-21. This file number should be included on the subject line if e-mail is used. To help the Commission process and review

---

9 15 U.S.C. 78s(b)(3)(A).

10 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires the Exchange to give the Commission written notice of the Exchange's intent to file the proposed rule change along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied the pre-filing requirement.

your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (http://www.sec.gov/rules/sro.shtml). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the self-regulatory organization. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NYSEArca-2009-21 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[11]

Florence E. Harmon
Deputy Secretary

---

[11] 17 CFR 200.30-3(a)(12).