

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-62328; File No. SR-NYSEArca-2010-48)

June 21, 2010

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by NYSE Arca, Inc. Relating to the Guaranteed Allocation for Lead Market Makers and Directed Order Market Makers

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (the “Act”)² and Rule 19b-4 thereunder,³ notice is hereby given that, on June 8, 2010, NYSE Arca, Inc. (“NYSE Arca” or the “Exchange”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. 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 6.76A, Order Execution - OX, to eliminate guaranteed allocations in certain circumstances. The text of the proposed rule change is available on the Exchange’s Web site at www.nyse.com, on the Commission’s Web site at <http://www.sec.gov>, at the Exchange, and at the Commission’s Public Reference Room. 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

¹ 15 U.S.C.78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

it received on the proposed rule change. The text of those statements may be examined at the places 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 filing is to eliminate the guaranteed allocation for Lead Market Makers ("LMM"s) and Directed Order Market Makers ("DOMM"s) under certain circumstances.

Currently, under Rule 6.76A, a LMM (or DOMM) will receive a guaranteed allocation of 40% of an incoming marketable order, including 40% of the balance of an order after any customer orders ranked ahead of the LMM (or DOMM) are filled, provided the LMM (or DOMM) is quoting at the National Best Bid/Offer ("NBBO").

The Exchange proposes to amend Rule 6.76A to provide that LMMs (or DOMMs) will only receive the 40% guaranteed allocation if there are no resting Customer orders ranked ahead of the LMM (or DOMM).

At the time of the introduction of the OX system, the market structure rewarded LMMs for providing competitive quotes by giving them a 40% guarantee ahead of higher ranked non-Customers when Customer orders were ahead of the LMM in time ranking. This encouraged the LMM to join the customer price and augment the customer price with the LMM's added size.

As market participants have evolved, however, the Exchange has found that the guarantee after satisfying Customer trading interest ahead of the LMM in priority has discouraged other non-customer trading interests that wish to aggressively price orders to set the NBBO. NYSE Arca clients have submitted orders that set a new price, only to find themselves receiving a small

portion of an incoming order after it fills Customers and 40% of the balance is allocated to the LMM.

The Exchange still views as necessary granting the LMM (or DOMM) 40% of incoming orders when no Customer orders are present, in return for the enhanced quoting obligations of LMMs and DOMMs.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with Section 6(b)⁴ of the Securities Exchange Act of 1934 (the “Act”), in general, and furthers the objectives of Section 6(b)(5)⁵ in particular in that it is designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, to remove impediments to and to perfect the mechanism for a free and open market and a national market system and, in general, to protect investors and the public interest. The Exchange believes that eliminating the LMM or DOMM 40% guarantee when Customers are ahead in the Consolidated Book will enhance competition amongst non-Customers.

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.

⁴ 15 U.S.C. 78f(b).

⁵ 15 U.S.C. 78f(b)(5).

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

Within 35 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve the proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

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-2010-48 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-2010-48. This file number should be included on the subject line if e-mail is used. To help the Commission process and review 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 Web site viewing and printing 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 will also be available for inspection and copying at the Exchange's principal office. 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 publicly available. All submissions should refer to File Number SR-NYSEArca-2010-48 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.⁶

Florence E. Harmon
Deputy Secretary

⁶ 17 CFR 200.30-3(a)(12).