

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-55446; File No. SR-NYSEArca-2006-51)

March 12, 2007

Self-Regulatory Organizations; NYSE Arca, Inc.; Order Granting Approval of Proposed Rule Change Relating to Amendments to Registration Rules of NYSE Arca, Inc.

I. Introduction

On November 14, 2006, NYSE Arca, Inc. (“NYSE Arca” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change relating to amendments to registration rules of the Exchange. NYSE Arca filed Amendment No. 1 to the proposed rule change on January 12, 2007. The proposed rule change, as amended, was published for comment in the Federal Register on February 7, 2007.<sup>3</sup> The Commission received no comments on the proposal. This order approves the proposed rule change, as amended.

II. Description of the Proposal

The Exchange proposed to amend certain NYSE Arca Rules governing registration procedures and ongoing compliance obligations for Options Trading Permit (“OTP”) Holders<sup>4</sup> and employees of OTP Firms<sup>5</sup> in order to (i) clarify registration procedures and make them consistent with the procedures of other self-regulatory organizations (“SROs”) and with the operation of the Central Registration Depository (“CRD”) system maintained by the National

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Securities Exchange Act Release No. 55215 (January 31, 2007), 72 FR 5783 (February 7, 2007).

<sup>4</sup> See NYSE Arca Rule 1.1(q).

<sup>5</sup> See NYSE Arca Rule 1.1(r).

Association of Securities Dealers, Inc. (“NASD”) and (ii) include an additional registration category in connection with the Exchange’s new options trading platform, OX.<sup>6</sup>

Specifically, the Exchange proposed to amend Rule 2.5(b)(10)(A) to provide for a new category, the Market Maker Authorized Trader, for individuals who perform market making activity on behalf of an OTP Firm on the OX trading facility. The amendment to that Rule also includes certain exceptions to the examination requirements. The Exchange also proposed to amend Rule 2.5(c), its waiver standards, so that the Exchange’s practices are generally consistent with the criterion in NASD Rule 1070(d) and Supplementary Material .15(1)(b) to NYSE Rule 345. The Exchange also proposed to amend Rule 2.23 to provide manual registration procedures for registration categories (e.g., floor clerk) for which CRD does not provide electronic registration. In addition, the Exchange is consolidating its continuing education requirements in paragraph (d) of Rule 2.23 and deleting the continuing education requirements in Rule 9.27(c) and (d) to avoid needless repetition and risk of inconsistencies. Finally, the Exchange proposes to amend Rules 6.33 and 6.34A(b)(2) to require Market Maker and Market Maker Authorized Trader applicants who have previously successfully completed the required examination but who have not been registered with the Exchange for six months or more to complete an orientation program prescribed by the Exchange.

### III. Discussion and Commission Findings

The Commission has reviewed carefully the proposed rule change and finds that it is consistent with the requirements of the Act and the rules and regulations thereunder applicable to

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<sup>6</sup> See Securities Exchange Act Release No. 54238 (July 28, 2006), 71 FR 44758 (August 7, 2006) (SR-NYSEArca-2006-13).

a national securities exchange.<sup>7</sup> In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,<sup>8</sup> which, among other things, requires that the rules of a national securities exchange be designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest.

The Commission believes that clarifying the registration procedures and ongoing compliance obligations and making the registration procedures consistent with the procedures of the other SROs will benefit OTP Holders and employees of OTP Firms by making the registration process easier and more efficient. Furthermore, amending Exchange rules to be generally consistent with the rules of other SROs, market practices, and the operation of the CRD should help simplify the procedures and administrative matters for OTP Holders and employees of OTP Firms. Finally, the Commission believes that requiring Market Makers and Market Maker Authorized Traders to attend an orientation session when such persons have not been employed in those capacities for six months or more will be beneficial to those persons, the Exchange, and the investing public.

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<sup>7</sup> In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>8</sup> 15 U.S.C. 78f(b)(5).

IV. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,<sup>9</sup> that the proposed rule change (SR-NYSEArca-2006-51), as amended, be, and hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>10</sup>

Florence E. Harmon  
Deputy Secretary

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<sup>9</sup> 15 U.S.C. 78s(b)(2).

<sup>10</sup> 17 CFR 200.30-3(a)(12).