SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-56593; File No. SR-NYSEArca-2007-96)

October 1, 2007

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change, as Modified by Amendment No. 1 Thereto, to Amend the Initial Listing Standards for Index-Linked Securities

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 September 17, 2007, NYSE Arca, Inc. ("NYSE Arca" or "Exchange"), through its wholly owned subsidiary, NYSE Arca Equities, Inc. ("NYSE Arca Equities"), filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which items have been substantially prepared by the Exchange. On September 27, 2007, the Exchange filed Amendment No. 1 to the proposed rule change. This order provides notice of and approves the proposed rule change, as modified by Amendment No. 1 thereto, on an accelerated basis.

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

The Exchange proposes to amend NYSE Arca Equities Rule 5.2(j)(6)(a) to (i) permit the listing of Index-Linked Securities[3] that do not meet the one million publicly held trading units and/or the 400 minimum number of public holders initial distribution requirements, subject to certain conditions, (ii) decrease the minimum principal amount/market value of $20 million to $4 million for an initial listing of Index-Linked Securities, and (iii) make a non-substantive

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

2 17 CFR 240.19b-4.

3 Index-Linked Securities are defined as securities that provide for the payment at maturity of a cash amount based on the performance of an underlying index or indexes. See NYSE Arca Equities Rule 5.2(j)(6).

clarification to the cross-reference to "General Criteria." The text of the proposed rule change is available at the Exchange, the Commission's Public Reference Room, and www.nyse.com.

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 Exchange 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 these statements may be examined at the places specified in Item III below. The Exchange has prepared summaries, set forth in Sections A, B and C below, of the most significant aspects of such statements.

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

1. Purpose

The Exchange proposes to amend NYSE Arca Equities Rule 5.2(j)(6)(a) to permit the listing of Index-Linked Securities that do not meet the one million publicly held trading units and/or the 400 minimum number of public holders initial distribution requirements, subject to certain conditions. The Commission has approved a similar proposal filed by the New York Stock Exchange LLC ("NYSE").[4]

NYSE Arca Equities Rule 5.2(j)(6)(a) generally requires that each issue of Index-Linked Securities have at least one million publicly held trading units and that there be at least 400 public beneficial holders of such securities, provided that, if the issue of Index-Linked Securities is traded in thousand dollar denominations, the 400 minimum public beneficial holders initial distribution requirement would not apply. The Exchange proposes to add an additional exemption from the general requirements of NYSE Arca Equities Rule 5.2(j)(6)(a) such that, if

[4] See Securities Exchange Act Release No. 56271 (August 16, 2007), 72 FR 47107 (August 22, 2007) (SR-NYSE-2007-74).

an issue of Index-Linked Securities are redeemable at the option of the holders thereof on at least a weekly basis, both the minimum one million publicly held trading units and 400 beneficial holders initial distribution requirements would not apply.

The Exchange believes that, where there is such a weekly redemption right, the same justification exists for an exemption from the requirement to have one million units issued at the time of listing and the minimum 400 public beneficial holders requirement. The Exchange believes that a weekly redemption right should ensure a strong correlation between the market price of the Index-Linked Securities and the performance of the underlying index or asset, as the case may be, as holders would be unlikely to sell their securities for less than their redemption value if they have a weekly right to be redeemed for their full value. In addition, in the case of those Index-Linked Securities with a weekly redemption feature that are currently listed, as well as all of those that are currently proposed to be listed, the issuer has the ability to issue new Index-Linked Securities from time to time at the indicative value at the time of such sale. This provides a ready supply of new Index-Linked Securities, thereby lessening the possibility that the market price of such securities would be affected by a scarcity of available Index-Linked Securities for sale. The Exchange believes that it also assists in maintaining a strong correlation between the market price and the indicative value, as investors would be unlikely to pay more than the indicative value in the open market if they can acquire Index-Linked Securities from the issuer at that price.

The Exchange states that the ability to list Index-Linked Securities with these characteristics without any minimum number of units issued or holders is important to the successful listing of such securities. Issuers distributing these types of Index-Linked Securities generally do not intend to do so by way of an underwritten offering. Rather, the distribution arrangement is analogous to that of an exchange-traded fund issuance, in that the issue is launched without any significant distribution event, and the float increases over time as investors purchase additional securities from the issuer at the then indicative value. Investors would generally seek to purchase the securities at a point when the underlying index or asset is at a level that they perceive would provide an attractive growth opportunity. In the context of such a distribution arrangement, it is difficult for an issuer to guarantee its ability to sell a specific number of units on the listing date. However, the Exchange believes that this difficulty in ensuring the sale of one million units on the listing date is not indicative of a likely long-term lack of liquidity in the securities or, for the reasons set forth above, of a difficulty in establishing a pricing equilibrium in the securities or a successful two-sided market.

With respect to each issue of Index-Linked Securities, NYSE Arca Equities Rule 5.2(j)(1) generally requires a minimum principal amount/market value of $20 million. The Exchange proposes to amend NYSE Arca Equities Rule 5.2(j)(6)(a) to decrease the minimum principal amount/market value from $20 million to $4 million. The Exchange seeks to conform this minimum principal amount/market value requirement to similar initial listing requirements for Index-Linked Securities of other national securities exchanges.[5]

Finally, the Exchange proposes to make a non-substantive clarification to NYSE Arca Equities Rule 5.2(j)(6)(a) to replace the internal cross-reference to “General Criteria” with the reference to NYSE Arca Equities Rule 5.2(j)(1), which sets forth the general initial listing requirements for “Other Securities,” such as Index-Linked Securities.

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5 See, e.g., Section 703.22(B)(3) of the NYSE Listed Company Manual; Section 107(A)(c) of the American Stock Exchange LLC Company Guide; and Rule 4420(f)(1)(D) of The NASDAQ Stock Market LLC.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,[6] in general, and furthers the objectives of Section 6(b)(5) of the Act,[7] in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating 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.

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

Written comments on the proposed rule change were neither solicited nor received.

III. 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

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

7 15 U.S.C. 78f(b)(5).

- Send e-mail to rule-comments@sec.gov. Please include File Number SR-NYSEArca-2007-96 on the subject line.

Paper Comments:

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

All submissions should refer to File Number SR-NYSEArca-2007-96. 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 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 such filing also will be available for inspection and copying at the principal office of the Exchange. 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-2007-96 and should be submitted on or before [insert date 21 days from date of publication in the Federal Register].

IV. Commission's Findings and Order Granting Accelerated Approval of the Proposed Rule Change

After careful consideration, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange[8] and, in particular, the requirements of Section 6 of the Act.[9] Specifically, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,[10] which requires, among other things, 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, clearing, settling, processing information with respect to, and facilitating 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 the proposal should benefit investors by providing an exception to the minimum public distribution requirements for Index-Linked Securities with a weekly redemption right. The Commission believes that the market price of Index-Linked Securities with a weekly redemption right should exhibit a strong correlation to the performance of the relevant underlying index or asset, since holders of such securities would be unlikely to sell them for less than their redemption value if they have a weekly right to be redeemed for their full value. The Commission believes that this exception is reasonable and should allow for the listing and trading of certain Index-Linked Securities that would otherwise not be able to be listed and traded on the Exchange.

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8 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).

9 15 U.S.C. 78f.

10 15 U.S.C. 78f(b)(5).

The Commission finds good cause for approving the proposed rule change prior to the 30th day after the date of publication of the notice of filing thereof in the Federal Register. The Commission notes that it has approved a similar proposal filed by NYSE[11] and similar initial distribution requirements for Index-Linked Securities of other national securities exchanges[12] and does not believe that this proposal raises any novel regulatory issues. Accelerating approval of this proposal should benefit investors by creating, without undue delay, additional competition in the market for Index-Linked Securities. Therefore, the Commission finds good cause, consistent with Section 19(b)(2) of the Act,[13] to approve the proposed rule change on an accelerated basis.

V. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,[14] that the

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11 See supra note 4.

12 See supra note 5.

13 15 U.S.C. 78s(b)(2).

14 Id.

proposed rule change (SR-NYSEArca-2007-96) be, and it hereby is, approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[15]

Nancy M. Morris
Secretary

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15 17 CFR 200.30-3(a)(12).