

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-55387; File No. SR-NYSE-2007-23)

March 2, 2007

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Rule 15A.50 Clarifying the Circumstances Under Which the Exchange Will Automatically Route Orders to Other Market Centers to Prevent Trade-Throughs, and Rename Rule 15A

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 March 1, 2007, the New York Stock Exchange LLC (“NYSE” 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 is proposing to amend Rule 15A.50 to describe how trade-throughs will be prevented on the Exchange in conformance with the Order Protection Rule (“OPR”)⁴ of Regulation National Market System (“Reg. NMS”)⁵ beginning on the Trading Phase Date of Reg. NMS,⁶ and to rename Rule 15A the “Order Protection Rule.”

¹ 15 U.S.C.78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

⁴ 17 CFR 242.611.

⁵ See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496 (June 29, 2005).

⁶ The Trading Phase Date is currently March 5, 2007.

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. The text of these 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 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 NYSE proposes to amend Rule 15A.50 to reflect the circumstances under which the Exchange will automatically route orders to other market centers to prevent trade-throughs⁷ on its market, beginning on the Trading Phase Date of Reg. NMS. The avoidance of trade-throughs on the Exchange has been governed by Section 8(d)(i) (Order Protection – Trade Throughs; Locked Markets) and the related provisions of Section B of the ITS Plan, and NYSE Rule 15A (ITS “Trade-Throughs” And “Locked Markets”), implemented as a function of the Exchange’s participation in the ITS Plan. Presently, NYSE Rule 15A.50 describes the circumstances under which the Exchange will route orders to other market centers to avoid trade throughs according to parameters established by the ITS Plan. However, it is expected that the termination of the ITS Plan will coincide with the Trading Phase Date. More significantly, the Exchange is required to fully operate a Reg. NMS-compliant trading system, which includes compliance with Rule 611 of Reg. NMS,⁸ no later than the Trading Phase Date in order to qualify NYSE

⁷ As defined in Reg. NMS, a “trade-through” is the “purchase or sale of an NMS stock during the regular trading hours, either as principal or agent, at a price that is lower than a protected bid or higher than a protected offer.” 17 CFR 242.600(b)(77).

⁸ 17 CFR 242.611.

quotations for trade-through protection beginning with the Pilot Stocks Phase and beyond.⁹

The Exchange notes that it completed Phase IV of the Hybrid MarketSM rollout on February 28, 2007.

The rule amendment proposed herein is intended to conform Rule 15A.50 in recognition of certain Phase IV changes that were made to Exchange trading systems to be consistent with the requirements of Rule 611 of Reg. NMS,¹⁰ as well as the elimination of the ITS Plan. Specifically, the amendment seeks to update NYSE Rule 15A.50 to describe the conditions under which the Exchange will automatically route orders to other markets to prevent trade-throughs beginning on the Trading Phase Date. Further, the filing seeks to rename NYSE Rule 15A from “ITS ‘Trade-Throughs’ And ‘Locked Markets’” to “Order Protection Rule.”¹¹

In addition, the NYSE has requested from the Commission limited no-action relief with respect to the Exchange’s obligation to route orders, in accordance with amended Rule 15A.50, proposed herein, to protected quotations, as defined in Rule 600(b)(57) under the Act,¹² of NASD ADF participants and the International Stock Exchange, LLC beginning on Reg. NMS’s Trading Phase Date until April 5, 2007.¹³

⁹ The Pilot Stocks Phase is currently set to begin on July 9, 2007.

¹⁰ 17 CFR 242.611.

¹¹ NYSE Rule 19 governs locking or crossing protected quotations in NMS stocks. Additionally, a forthcoming filing will propose conforming changes to NYSE rules to reflect the elimination of the ITS Plan.

¹² 17 CFR 242.600(b)(57).

¹³ See Letter from Mary Yeager, Assistant Secretary, NYSE, to Nancy M. Morris, Secretary, Commission, dated March 1, 2007.

2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(5)¹⁴ that an Exchange have rules that are designed to promote just and equitable principles of trade, 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

The Exchange has neither solicited nor received written comments on the proposed rule change.

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

The proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹⁵ and Rule 19b-4(f)(6) thereunder¹⁶ because the proposal does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 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 investors and the public interest.¹⁷ NYSE has requested that the Commission waive the 30-day operative delay. The

¹⁴ 15 U.S.C. 78f(b)(5).

¹⁵ 15 U.S.C. 78s(b)(3)(A).

¹⁶ 17 CFR 240.19b-4(f)(6).

¹⁷ Rule 19b-4(f)(6)(iii) under the Act requires that a self-regulatory organization submit to the Commission written notice of its 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

Commission believes that such waiver is consistent with the protection of investors and the public interest because the proposed rule change will allow the Exchange to implement, without delay, its amended Rule 15A.50 to specify the circumstances under which the Exchange will automatically route orders to other market centers to prevent trade-throughs on its market beginning on March 5, 2007, which marks the Trading Phase Date of Regulation NMS and the expected termination of the ITS Plan. Accordingly, the Commission hereby designates the proposed rule change to be operative on March 5, 2007.¹⁸

At any time within 60 days of the filing of the 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.¹⁹

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:

the date of filing of the proposed rule change, or such shorter time as designated by the Commission. NYSE has satisfied the pre-filing requirement.

¹⁸ For purposes only of waiving the 30-day operative delay of the proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

¹⁹ See 15 U.S.C. 78s(b)(3)(C).

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-NYSE-2007-23 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-NYSE-2007-23. 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. Copies of the 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-NYSE-2007-23 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.²⁰

Florence E. Harmon
Deputy Secretary

²⁰ 17 CFR 200.30-3(a)(12).