

Proposed Rule Change by NYSE Arca
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial <input checked="" type="checkbox"/>	Amendment <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) <input checked="" type="checkbox"/>	Section 19(b)(3)(A) <input type="checkbox"/>	Section 19(b)(3)(B) <input type="checkbox"/>
			Rule		
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action <input type="checkbox"/>	Date Expires <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
--	--

Description
Provide a brief description of the proposed rule change (limit 250 characters).

Contact Information
Provide the name, telephone number and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the proposed rule change.

First Name	<input type="text" value="Janet"/>	Last Name	<input type="text" value="Angstadt"/>
Title	<input type="text" value="Acting General Counsel"/>		
E-mail	<input type="text" value="janet@nyse.com"/>		
Telephone	<input type="text" value="(312) 442-7147"/>	Fax	<input type="text"/>

Signature
Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date	<input type="text" value="09/01/2006"/>	
By	<input type="text" value="Mary Yeager"/>	<input style="width: 80%; height: 30px;" type="text" value="Corporate Secretary"/>
	(Name)	(Title)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFF website.

Form 19b-4 Information

Add Remove View

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change

Add Remove View

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

Add Remove View

Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

Add Remove View

Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

Add Remove View

The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

Add Remove View

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

Add Remove View

If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

ITEM 1. Text of the Proposed Rule Change

NYSE Arca, Inc. (the “Exchange”), through its wholly owned subsidiary NYSE Arca Equities, Inc. (“NYSE Arca Equities” or the “Corporation”), proposes to amend certain NYSE Arca Equities rules in order to conform them to the rules of the National Association of Securities Dealers, Inc. (the “NASD”). The text of the proposed rule change is attached as Exhibit 5.

ITEM 2. Procedures of the Self-Regulatory Organization

(a) The proposed rule change is being submitted to the Securities and Exchange Commission (the “Commission”) by Exchange staff pursuant to authority delegated by the Exchange’s Board of Directors and the NYSE Arca Equities Board of Directors.

(b) Questions and comments regarding the proposed rule change may be directed to the following:

Janet Angstadt
Acting General Counsel
NYSE Arca, Inc.
100 S. Wacker Dr., Suite 1800
Chicago, IL 60606
Phone: (312) 442-7147
Fax: (312) 960-1369

ITEM 3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

Purpose

The Exchange proposes to amend certain NYSE Arca Equities rules in order to conform them to the rules of the NASD for purposes of the agreement between the

parties pursuant to Rule 17d-2¹ under the Securities Exchange Act of 1934² (the “Exchange Act”) and the related certification by the Exchange, which states that the requirements contained in certain NYSE Arca Equities rules are identical to, or substantially similar to, certain NASD rules that have been identified as comparable. Specifically, the Exchange proposes to amend NYSE Arca Equities Rules 6.6, 9.1(f), 9.3(a) and 9.3(b).

The Exchange proposes to amend NYSE Arca Equities Rule 6.6, which governs front-running of block transactions, by changing the threshold number of shares constituting a block transaction from 5,000 to 10,000 so that it is consistent with NASD IM-2110-3.

The Exchange proposes to amend NYSE Arca Equities Rule 9.1(f), which prohibits registered employees from sharing in the profits and losses of a customer’s account, to include certain exemptions to this prohibition, mirroring NASD Rule 2330(f).

The Exchange proposes to amend NYSE Arca Equities Rule 9.3(a), which governs conflicts of interest with respect to employee accounts. Specifically, the Exchange proposes to delete the Rule in its entirety and replace it with the text of

¹ 17 C.F.R. 240.17d-2

² 15 U.S.C. 78a et seq

NASD Rule 3050, which governs transactions for or by Associated Persons.³ Further, in order to avoid unnecessary duplication, the Exchange proposes to delete in its entirety NYSE Arca Equities Rule 9.3(b), which governs ETP Holder and Allied Person accounts,⁴ and add Allied Persons to NYSE Arca Equities Rule 9.3(a). The Exchange believes that such changes are consistent with NASD Rule 3050.

Basis

The proposed rule change is consistent with Section 6(b)⁵ of the Exchange Act, in general, and furthers the objectives of Section 6(b)(5)⁶ 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, and to remove impediments to and perfect the mechanisms of a free and open market and a national market system.

ITEM 4. Self-Regulatory Organization's Statement on Burden on Competition

³ Pursuant to NYSE Arca Equities Rule 1.1(f), an “Associated Person” is a person who is a partner, officer, director, member of a limited liability company, trustee of a business trust, employee of an ETP Holder or any person directly or indirectly controlling, controlled by or under common control with an ETP Holder. An “ETP Holder” is a sole proprietorship, partnership, corporation, limited liability company or organization in good standing that has been issued an “ETP,” which is an Equity Trading Permit issued by the Corporation for effecting approved securities transactions on the Corporation’s trading facilities. NYSE Arca Equities Rule 1.1(m) and (n).

⁴ Pursuant to NYSE Arca Equities Rule 1.1(c), an “Allied Person” is an individual who is: (1) an employee of an ETP Holder who controls such firm, or (2) an employee of an ETP Holder corporation who is a director or a principal executive officer of such corporation, or (3) an employee of an ETP Holder limited liability company who is a manager or a principal executive officer of such limited liability company, or (4) a general partner in an ETP Holder partnership; and who has been approved by the Corporation as an Allied Person.

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(5).

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 Exchange Act.

ITEM 5. 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.

ITEM 6. Extension of Time Period for Commission Action

The Exchange does not consent to an extension of the time period specified in Section 19(b)(2) of the Exchange Act.

ITEM 7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

The Exchange does not request summary effectiveness pursuant to Section 19(b)(3) of the Exchange Act or accelerated effectiveness pursuant to Section 19(b)(2) of the Exchange Act.

ITEM 8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

The proposed rule change is based on the rules of the NASD.

ITEM 9. Exhibits

1. Exhibit 1.
2. Exhibit 5.

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-NYSEArca-2006-53)

[DATE]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by NYSE Arca, Inc. Relating to Amendment of Certain Rules of NYSE Arca Equities, Inc. to Conform to Corresponding Rules of the National Association of Securities Dealers, Inc. Pursuant to Their Agreement Under Securities and Exchange Commission Rule 17d-2.¹

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Exchange Act”)² and Rule 19b-4 thereunder,³ notice is hereby given that on September 1, 2006, NYSE Arca, Inc. (“NYSE Arca” or “Exchange”) filed with the Securities and Exchange Commission (“Commission” or “SEC”) 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 comment 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, through its wholly owned subsidiary NYSE Arca Equities, Inc. (“NYSE Arca Equities” or the “Corporation”), proposes to amend certain NYSE Arca Equities rules in order to conform them to the rules of the National Association of Securities Dealers, Inc. (the “NASD”). The text of the proposed rule change is attached as Exhibit 5.

¹ 17 C.F.R. 240.17d-2

² 15 U.S.C. § 78s(b)(1).

³ 17 C.F.R. 240.19b-4.

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 these statements may be examined at the places specified in Item IV below. The self-regulatory organization 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

Purpose

The Exchange proposes to amend certain NYSE Arca Equities rules in order to conform them to the rules of the NASD for purposes of the agreement between the parties pursuant to Rule 17d-2⁴ under the Securities Exchange Act of 1934⁵ (the "Exchange Act") and the related certification by the Exchange, which states that the requirements contained in certain NYSE Arca Equities rules are identical to, or substantially similar to, certain NASD rules that have been identified as comparable. Specifically, the Exchange proposes to amend NYSE Arca Equities Rules 6.6, 9.1(f), 9.3(a) and 9.3(b).

The Exchange proposes to amend NYSE Arca Equities Rule 6.6, which governs front-running of block transactions, by changing the threshold number of shares

⁴ 17 C.F.R. 240.17d-2

⁵ 15 U.S.C. 78a et seq

constituting a block transaction from 5,000 to 10,000 so that it is consistent with NASD IM-2110-3.

The Exchange proposes to amend NYSE Arca Equities Rule 9.1(f), which prohibits registered employees from sharing in the profits and losses of a customer's account, to include certain exemptions to this prohibition, mirroring NASD Rule 2330(f).

The Exchange proposes to amend NYSE Arca Equities Rule 9.3(a), which governs conflicts of interest with respect to employee accounts. Specifically, the Exchange proposes to delete the Rule in its entirety and replace it with the text of NASD Rule 3050, which governs transactions for or by Associated Persons.⁶ Further, in order to avoid unnecessary duplication, the Exchange proposes to delete in its entirety NYSE Arca Equities Rule 9.3(b), which governs ETP Holder and Allied Person accounts,⁷ and add Allied Persons to NYSE Arca Equities Rule 9.3(a). The Exchange believes that such changes are consistent with NASD Rule 3050.

Basis

⁶ Pursuant to NYSE Arca Equities Rule 1.1(f), an "Associated Person" is a person who is a partner, officer, director, member of a limited liability company, trustee of a business trust, employee of an ETP Holder or any person directly or indirectly controlling, controlled by or under common control with an ETP Holder. An "ETP Holder" is a sole proprietorship, partnership, corporation, limited liability company or organization in good standing that has been issued an "ETP," which is an Equity Trading Permit issued by the Corporation for effecting approved securities transactions on the Corporation's trading facilities. NYSE Arca Equities Rule 1.1(m) and (n).

⁷ Pursuant to NYSE Arca Equities Rule 1.1(c), an "Allied Person" is an individual who is: (1) an employee of an ETP Holder who controls such firm, or (2) an employee of an ETP Holder corporation who is a director or a principal executive officer of such corporation, or (3) an employee of an ETP Holder limited liability company who is a manager or a principal executive officer of such limited liability company, or (4) a general partner in an ETP Holder partnership; and who has been approved by the Corporation as an Allied Person.

The proposed rule change is consistent with Section 6(b)⁸ of the Exchange Act, in general, and furthers the objectives of Section 6(b)(5)⁹ 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, and to remove impediments to and perfect the mechanisms of a free and open market and a national market system.

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 Exchange 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. 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 modifications, or
- (B) institute proceedings to determine whether the proposed rule change should be disapproved.

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(5).

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 Exchange 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 email to rules-comments@sec.gov. Please include File No. SR-NYSEArca-2006-53 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.

All submissions should refer to File No. SR-NYSEArca-2006-53. 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 such filing will also be available for inspection and copying at the principal office of NYSE

Arca. 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 No. SR-NYSEArca-2006-53 and should be submitted [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁰

Nancy M. Morris
Secretary

¹⁰ 17 C.F.R. 200.30-3(a)(12).

EXHIBIT 5
Text of the Proposed Rule Change:¹

Rules of NYSE Arca Equities, Inc.

Rule 6
Business Conduct

Rule 6.6 Front-running of Block Transactions

An ETP Holder or associated person obtaining information of an immediate pending transaction or a transaction executed but not yet reported on any national securities exchange or association involving [5,000] 10,000 shares or more of a security including an equivalent number of option contracts admitted to dealings on the NYSE Arca, Inc., or securities underlying the options so admitted, shall not initiate or transmit an order in the security involved, or options relating to that security, through the facilities of the Corporation for any account in which he or she or his or her organization are participants until after the transaction appears on the ticker or is otherwise disclosed, in the case of orders pertaining to equities, or until two minutes after such disclosure, in the case of orders pertaining to options. Exceptions will require prior approval from the Corporation.

* * * * *

Rule 9
Conducting Business with the Public

Rule 9.1(f). Sharing Profits—Losses

(1)(A) Except as provided in paragraph (f)(2), [N]no [registered employee] ETP Holder or associated person shall directly or indirectly take or receive a share in the profits of any customer's account or share in any losses sustained in any such account; provided, however, that an ETP Holder or associated person may share in the profits or losses in such an account if (i) such associated person obtains prior written authorization from the ETP Holder employing the associated person; (ii) such ETP Holder or associated person obtains prior written authorization from the customer; and (iii) such ETP Holder or associated person shares in the profits or losses in any account of such customer only in direct proportion to the financial contributions made to such account by either the ETP Holder or associated person.

(B) Exempt from the direct proportionate share limitation of paragraph (f)(1)(A)(iii) are accounts of the immediate family of such ETP Holder or associated person. For purposes of this Rule, the term "immediate family" shall include parents, mother-in-law or father-in-law, husband or wife, children or any relative to whose support the ETP Holder or associated person otherwise contributes directly or indirectly.

¹ New text is underscored; deleted text is in [brackets].

(2) Notwithstanding the prohibition of paragraph (f)(1), an ETP Holder or associated person that is acting as an investment adviser (whether or not registered as such) may receive compensation based on a share in profits or gains in an account if (i) such ETP Holder or associated person seeking such compensation obtains prior written authorization from the ETP Holder employing the associated person; (ii) such ETP Holder or associated person seeking such compensation obtains prior written authorization from the customer; and (iii) all of the conditions in Rule 205-3 of the Investment Advisers Act of 1940 (as the same may be amended from time to time) are satisfied.

* * * * *

Rule 9.3(a). [Employee Accounts] Transactions for or by Associated Persons

[No ETP Holder shall, without the prior consent of the employer, make:

(1) A cash or margin transaction or carry a margin account in securities or in commodities in which an employee of the Corporation, or of any ETP Holder, is directly or indirectly interested. Duplicate reports and statements shall be sent promptly to the employer.

(2) A margin transaction or carry a margin account in securities or in commodities in which an employee of a bank, trust company, savings institution, insurance company or any individual or firm engaged in the business of dealing in securities, is directly or indirectly interested.

This Rule applies to all employees of insurance companies regardless of whether they are compensated on a salary or commission basis. However, it is not considered applicable to independent insurance agents.

A person who is clearly designated by the charter or by-laws of a bank, trust company, insurance company, etc., as an officer of such institution is not considered an "employee" for the purpose of this Rule.]

(1) Determine Adverse Interest. An ETP Holder ("executing ETP Holder") who knowingly executes a transaction for the purchase or sale of a security for the account of an Associated Person or Allied Person of another ETP Holder ("employer ETP Holder"), or for any account over which such Associated Person or Allied Person has discretionary authority, shall use reasonable diligence to determine that the execution of such transaction will not adversely affect the interests of the employer ETP Holder.

(2) Obligations of Executing ETP Holder. Where an executing ETP Holder knows that an Associated Person or Allied Person of an employer ETP Holder has or will have a financial interest in, or discretionary authority over, any existing or proposed account carried by the executing ETP Holder, the executing ETP Holder shall:

(A) notify the employer ETP Holder in writing, prior to the execution of a transaction for such account, of the executing ETP Holder 's intention to open or maintain such an account;

(B) upon written request by the employer ETP Holder, transmit duplicate copies of confirmations, statements, or other information with respect to such account; and

(C) notify the Associated Person or Allied Person, as applicable, of the employer ETP Holder of the executing ETP Holder 's intention to provide the notice and information required by subparagraphs (A) and (B).

(3) Obligations of Associated Persons Concerning an Account with an ETP Holder. An Associated Person, prior to opening an account or placing an initial order for the purchase or sale of securities with another ETP Holder, shall notify both the employer ETP Holder and the executing ETP Holder, in writing, of his or her association with the other ETP Holder; provided, however, that if the account was established prior to the association of the person with the employer ETP Holder, the Associated Person shall notify both ETP Holders in writing promptly after becoming so associated.

(4) Obligations of Associated Persons Concerning an Account with a Notice-Registered Broker/Dealer, Investment Adviser, Bank, or Other Financial Institution. A person associated with an ETP Holder who opens a securities account or places an order for the purchase or sale of securities with a broker/dealer that is registered pursuant to Section 15(b)(11) of the Securities Exchange Act ("notice-registered broker/dealer"), a domestic or foreign investment adviser, bank, or other financial institution, except an ETP Holder, shall:

(A) notify his or her employer ETP Holder in writing, prior to the execution of any initial transactions, of the intention to open the account or place the order; and

(B) upon written request by the employer ETP Holder, request in writing and assure that the notice-registered broker/dealer, investment adviser, bank, or other financial institution provides the employer ETP Holder with duplicate copies of confirmations, statements, or other information concerning the account or order; provided, however, that if an account subject to this paragraph (4) was established prior to a person's association with an ETP Holder the person shall comply with this paragraph promptly after becoming so associated.

(5) Paragraphs (3) and (4) shall apply only to an account or order in which an Associated Person has a financial interest or with respect to which such person has discretionary authority.

(6) Exemption for Transactions in Investment Company Shares and Unit Investment Trusts. The provisions of this Rule shall not be applicable to transactions in unit investment trusts and variable contracts or redeemable securities of companies registered

under the Investment Company Act of 1940, as amended, or to accounts which are limited to transactions in such securities.

* * * * *

[Rule 9.3(b). ETP Holder and Allied Person Accounts

No ETP Holder shall carry an account for another ETP Holder or Allied Person of another ETP Holder without the prior written consent of another person who is an ETP Holder or Allied Person of such other firm.

Duplicate reports and statements shall be sent to such general partner or an officer who is a holder of voting stock designated in such consent unless their submission is waived in writing and a permanent record of such waiver is retained by both the carrying firm and the consenting firm.]

* * * * *