

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		
			<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"/>
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**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="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="11/07/2006"/>	
By	<input type="text" value="Mary Yeager"/>	<input style="width: 60%; 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**

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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**

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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**

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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**

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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**

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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**

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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**

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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.

1. Text of the Proposed Rule Change

- (a) NYSE Arca, Inc. (the “Exchange”), through its wholly owned subsidiary NYSE Arca Equities, Inc. (“NYSE Arca Equities” or the “Corporation”), proposes to amend NYSE Arca Equities Rules 2.16 and 4.5(b) and (c).
- (b) The Exchange does not believe that the proposed rule change will have any direct effect, or any significant indirect effect, on any other Exchange rule in effect at the time of this filing.
- (c) The text of the proposed rule change is attached as Exhibit 5 to this rule filing.

2. Procedures of the Self-Regulatory Organization

- (a) The proposed rule is being submitted by Exchange staff to the Securities and Exchange Commission (the “Commission” or the “SEC”) 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 Drive, Suite 1800  
Chicago, IL 60606  
Phone: (312) 442-7147  
Fax: (312) 960-9637

- (c) The effective date of this proposed rule change will be upon approval by the Commission.

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

(a) Purpose

The Exchange proposes to amend NYSE Arca Equities Rules 2.16 and 4.5(b) and (c) in order to simplify the administrative procedures that Equity Trading Permit (“ETP”) Holders<sup>1</sup> must follow. The Exchange believes that such amendments will not compromise the Exchange’s ability to regulate its ETP Holders.

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<sup>1</sup> See NYSE Arca Equities Rule 1.1(n).

NYSE Arca Equities Rule 2.16 currently provides that all ETP Holders must file their formation documents with the Corporation. The Exchange proposes to amend NYSE Arca Equities Rule 2.16 in order to provide that only those ETP Holders for which the Exchange is the Designated Examining Authority must submit such formation documents to the Corporation. The Exchange believes that documentation relating to an ETP Holder's organizational structure is more appropriately reviewed by the firm's Designated Examining Authority and, therefore, need not be submitted to or reviewed by other exchanges.

NYSE Arca Equities Rule 4.5(b) currently requires ETP Holders that carry or clear accounts for customers to file two manually signed copies of Part II of SEC Form X-17A-5 with the Corporation on a quarterly basis. The Exchange proposes to amend NYSE Arca Equities Rule 4.5(b) to provide that such reports shall be filed electronically with the Corporation, rather than manually, and that the ETP Holder shall maintain original copies of such reports with manual signatures in accordance with NYSE Arca Equities Rule 2.24.<sup>2</sup>

NYSE Arca Equities Rule 4.5(c) currently requires ETP Holders that do not carry or clear accounts for customers to file two manually signed copies of Part IIA of SEC Form X-17A-5 with the Corporation on a quarterly basis. The Exchange proposes to amend NYSE Arca Equities Rule 4.5(c) to provide that such reports shall be filed electronically with the Corporation, rather than manually, and that the ETP Holder shall maintain original copies of such reports with manual signatures in accordance with NYSE Arca Equities Rule 2.24.<sup>3</sup>

The Exchange proposes amending NYSE Arca Equities Rule 4.5(b) and (c) to codify procedural changes that have been implemented by the Exchange and to be consistent with guidance that has been provided previously to ETP Holders.

(b) Statutory Basis

The basis under the Exchange Act for this proposed rule change is the requirement under Section 6(b)(5)<sup>4</sup> that an exchange have rules that are designed to prevent fraudulent and manipulative acts and practices, to promote just and

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<sup>2</sup> NYSE Arca Equities Rule 2.24 provides that each ETP Holder must make, keep current and preserve such books and records as the Exchange may prescribe and as may be prescribed by the Securities Exchange Act of 1934 (the "Exchange Act") and the rules and regulations thereunder (including any interpretation relating thereto) as though such ETP Holders were brokers or dealers registered with the SEC pursuant to Section 15 of the Exchange Act.

<sup>3</sup> *Id.*

<sup>4</sup> 15 U.S.C. 78f(b)(5).

equitable principles of trade, to remove impediments to, and perfect the mechanism of a free and open market and, in general, to protect investors and the public interest.

4. 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 purpose of the Exchange Act.

5. 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.

6. Extension of Time Period for Commission Action

The Exchange does not consent at this time to an extension of any time period for Commission action.

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

Not applicable.

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

This proposed rule change is not based on the rules of another self-regulatory organization.

9. Exhibits

Exhibit 1 - Form of Notice of Proposed Rule Change for Federal Register.

Exhibit 5 - Text of the Proposed Rule Change.

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34- ; File No. SR-NYSEArca-2006-82)

[DATE]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by NYSE Arca, Inc. Relating to Amendments to NYSE Arca Equities Rules 2.16 and 4.5 Relating to Certain ETP Holder Administrative Procedures

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Exchange Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on November 7, 2006, NYSE Arca, Inc. (“NYSE Arca” or the “Exchange”), through its wholly owned subsidiary NYSE Arca Equities, Inc. (“NYSE Arca Equities” or the “Corporation”), 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 Exchange. 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, proposes to amend NYSE Arca Equities Rules 2.16 and 4.5(b) and (c). The text of the proposed rule change is available on the Exchange’s website at [www.nysearca.com](http://www.nysearca.com), at the Exchange’s Office of the Secretary and at the Commission.

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<sup>1</sup> 15 U.S.C. § 78s(b)(1).

<sup>2</sup> 17 CFR 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

(1) Purpose

The Exchange proposes to amend NYSE Arca Equities Rules 2.16 and 4.5(b) and (c) in order to simplify the administrative procedures that Equity Trading Permit ("ETP") Holders<sup>3</sup> must follow. The Exchange believes that such amendments will not compromise the Exchange's ability to regulate its ETP Holders.

NYSE Arca Equities Rule 2.16 currently provides that all ETP Holders must file their formation documents with the Corporation. The Exchange proposes to amend NYSE Arca Equities Rule 2.16 in order to provide that only those ETP Holders for which the Exchange is the Designated Examining Authority must submit such formation documents to the Corporation. The Exchange believes that documentation relating to an ETP Holder's organizational structure is more appropriately reviewed by the firm's Designated Examining Authority and, therefore, need not be submitted to or reviewed by other exchanges.

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<sup>3</sup> See NYSE Arca Equities Rule 1.1(n).

NYSE Arca Equities Rule 4.5(b) currently requires ETP Holders that carry or clear accounts for customers to file two manually signed copies of Part II of SEC Form X-17A-5 with the Corporation on a quarterly basis. The Exchange proposes to amend NYSE Arca Equities Rule 4.5(b) to provide that such reports shall be filed electronically with the Corporation, rather than manually, and that the ETP Holder shall maintain original copies of such reports with manual signatures in accordance with NYSE Arca Equities Rule 2.24.<sup>4</sup>

NYSE Arca Equities Rule 4.5(c) currently requires ETP Holders that do not carry or clear accounts for customers to file two manually signed copies of Part IIA of SEC Form X-17A-5 with the Corporation on a quarterly basis. The Exchange proposes to amend NYSE Arca Equities Rule 4.5(c) to provide that such reports shall be filed electronically with the Corporation, rather than manually, and that the ETP Holder shall maintain original copies of such reports with manual signatures in accordance with NYSE Arca Equities Rule 2.24.<sup>5</sup>

The Exchange proposes amending NYSE Arca Equities Rule 4.5(b) and (c) to codify procedural changes that have been implemented by the Exchange and to be consistent with guidance that has been provided previously to ETP Holders.

(2) Statutory Basis

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<sup>4</sup> NYSE Arca Equities Rule 2.24 provides that each ETP Holder must make, keep current and preserve such books and records as the Exchange may prescribe and as may be prescribed by the Securities Exchange Act of 1934 (the “Exchange Act”) and the rules and regulations thereunder (including any interpretation relating thereto) as though such ETP Holders were brokers or dealers registered with the SEC pursuant to Section 15 of the Exchange Act.

<sup>5</sup> *Id.*

The Exchange believes the proposed rule change is consistent with Section 6(b) of the Exchange Act,<sup>6</sup> in general, and furthers the objectives of Section 6(b)(5)<sup>7</sup> 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 mechanism 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.

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<sup>6</sup> 15 U.S.C. 78f(b).

<sup>7</sup> 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 [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File No. SR-NYSEArca-2006-82 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-2006-82. 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-2006-82 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.<sup>8</sup>

Nancy M. Morris  
Secretary

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<sup>8</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 5**

**Text of the Proposed Rule Change:**<sup>1</sup>

**Rules of NYSE Arca Equities, Inc.**

**Rule 2  
Equity Trading Permits**

**Rule 2.16 Amendments to ETP Holder Documents**

(a) All formation documents for ETP Holders for which NYSE Arca, Inc. is the Designated Examining Authority, such as articles of incorporation, by-laws, partnership agreements, limited liability company agreements, and all amendments thereto, now in effect or adopted in the future, shall be filed with the Corporation and shall be subject to approval by the Corporation.

(b) -(c) -- No change.

\* \* \* \* \*

**Rule 4  
Capital Requirements, Financial Reports, Margins**

**Rule 4.5(b) Part II Quarterly Reports**

[Two manually signed copies of] Part II of SEC Form X-17A-5 shall be filed electronically with, and in a manner prescribed by, the Corporation for each calendar quarter by any ETP Holder which carries or clears accounts for customers. Such report shall be due by the seventeenth business day following the end of the calendar quarter being reported upon. Original copies of such reports with manual signatures shall be maintained by the ETP Holder in accordance with NYSE Arca Equities Rule 2.24.

\* \* \* \* \*

**Rule 4.5(c) Part IIA Quarterly Reports**

[Two manually signed copies of] Part IIA of SEC Form X-17A-5 shall be filed electronically with, and in a manner prescribed by, the Corporation for each calendar quarter by any ETP Holder which does not carry or clear accounts for customers. Such report shall be due by the seventeenth business day following the end of the calendar quarter being reported upon. Original copies of such reports with manual signatures shall be maintained by the ETP Holder in accordance with NYSE Arca Equities Rule 2.24.

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<sup>1</sup> New text is underscored; deleted text is in brackets.