

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

|   |  |   |   |   |  |
|---|--|---|---|---|--|
| <b>Initial</b><br><input checked="" type="checkbox"/> | <b>Amendment</b><br><input type="checkbox"/> | <b>Withdrawal</b><br><input type="checkbox"/> | <b>Section 19(b)(2)</b><br><input type="checkbox"/> | <b>Section 19(b)(3)(A)</b><br><input checked="" type="checkbox"/> | <b>Section 19(b)(3)(B)</b><br><input type="checkbox"/> |
|   |  |   | <b>Rule</b>   |   |  |
|   |  |   | <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 checked="" type="checkbox"/> 19b-4(f)(6)                   |  |

|  |  |
|--|--|
| Exhibit 2 Sent As Paper Document<br><input type="checkbox"/> | Exhibit 3 Sent As Paper Document<br><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="Andrew"/>                    | Last Name | <input type="text" value="Stevens"/> |
| Title      | <input type="text" value="Assistant General Counsel"/> |           |                                      |
| E-mail     | <input type="text" value="astevens@nyse.com"/>         |           |                                      |
| Telephone  | <input type="text" value="(312) 442-7632"/>            | 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

By  (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. (“NYSE Arca” or the “Exchange”) is proposing to amend its rules in order to restore certain rule text to Rule 6.47 regarding the SizeQuote Pilot Program (“Pilot Program”) and to extend the Pilot Program, for a one-year period ending February 15, 2008. The text of the proposed rule change is attached as Exhibit 5.
- (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.

2. Procedures of the Self-Regulatory Organization

Senior management has approved the proposed rule change pursuant to authority delegated to it by the Board of the Exchange. No further action is required under the Exchange’s governing documents. Therefore, the Exchange’s internal procedures with respect to the proposed rule change are complete.

The persons on the Exchange staff prepared to respond to questions and comments on the proposed rule change are:

|                               |                 |
|-------------------------------|-----------------|
| Andrew Stevens                | Glenn Gsell     |
| Assistant General Counsel     | Director        |
| Office of the General Counsel | NYSE Regulation |
| (312) 442-7147                | (415)835-4805   |

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

(a) Purpose

The purpose of this proposal is to restore rule text that was inadvertently deleted from NYSEArca Rule 6.47(g) and to extend, for a one year period, the Exchange’s SizeQuote Pilot Program. The Pilot Program was initially established when the Exchange filed SR-PCX-2005-35.<sup>1</sup> The Pilot Program was extended when the Exchange filed PCX-06-09,<sup>2</sup> and is now due to expire on February 15, 2007.

While the SizeQuote Mechanism Pilot Program is presently in operation at NYSE Arca, Rule 6.47(f) does not appear in the Rules of NYSE Arca (“Rules”). This rule text was mistakenly deleted from the Rules when the Exchange proposed,

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<sup>1</sup> See Securities Exchange Act Release No. 51576 (April 19, 2005), 70 FR 21488 (April 26, 2005).

<sup>2</sup> See Securities Exchange Act Release No. 53315 (February 15, 2006), 71 FR 9406 (February 23, (2006).

and subsequently received approval for SR-NYSEArca 2006-13.<sup>3</sup> Due to an oversight on behalf of Exchange staff, certain sections of established rule text, intended to remain in the Rules, were inadvertently omitted from the filing. The Exchange now proposes to restore the rule text covering the Pilot Program. The complete rule text is shown in the attached Exhibit 5.

The Exchange has represented that at the completion of the Pilot Program, NYSE Arca would provide to the U.S. Securities and Exchange Commission (“Commission”) a report summarizing the effectiveness of the SizeQuote program. While the Exchange believes that the SizeQuote Mechanism can be an effective tool for Floor Brokers to use while executing large size orders in open outcry, the mechanism has not been used frequently enough to supply sufficient evidence to evaluate the effectiveness of the Pilot Program. In order to allow for additional time to compile sufficient evidence as to the effectiveness of the Pilot Program, NYSE Arca proposes to extend the Pilot Program for an additional one-year period ending February 15, 2008. At the end of the extended Pilot Program, the Exchange feels it will be able supply the Commission with a report summarizing the effectiveness of the program.

(b) Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b)<sup>4</sup> of the Act, in general, and furthers the objectives of Section 6(b)(5),<sup>5</sup> in particular, in that it is designed to facilitate transactions in securities, to promote just and equitable principles of trade and 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 purposes of the 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.

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<sup>3</sup> See Securities Exchange Act Release No. 54238 (July 28, 2006), 71 FR 44758 (August 7, 2006) (SR- NYSEArca-2006-13) (approval of OX trading rules).

<sup>4</sup> 15 U.S.C. §78f(b).

<sup>5</sup> 15 U.S.C. §78f(b)(5).

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)

The proposed rule change will become effective upon filing pursuant to Section 19(b)(3)(A)<sup>6</sup> of the Act and SEC Rule 19b-4(f)(6)<sup>7</sup> thereunder. The proposed rule change effects a change that (A) does not significantly affect the protection of investors or the public interest; (B) does not impose any significant burden on competition; and (C) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest. The Exchange provided the Commission with written notice of its intent to file this proposed rule change at least five business days prior to the date of the filing.

A proposed rule change filed under Rule 19b-4(f)(6) becomes effective upon filing but does not become operative prior to 30 days after the date of filing. However, pursuant to Rule 19b-4(f)(6)(iii),<sup>8</sup> the Commission may designate a shorter time if such action is consistent with the protection of investors and public interest. The Exchange seeks to have the proposed amendment become operative immediately. The Exchange requests that the Commission waive the 5 business day notice of the NYSE's intent to file this proposed rule change, as well as the 30-day delayed operative date, so that the proposed rule change may become immediately operative pursuant to Section 19(b)(3)(A) and Rule 19b-4(f)(6) thereunder. The Exchange believes that the proposed rule change is non – controversial and, because the Pilot Program is currently in effect and is being relied on by market participants, waiver of the 30-day operative delay specified in Rule 19b-4(f)(6) will allow the existing program to continue uninterrupted.

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

The 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 Proposed Changes.

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<sup>6</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>7</sup> 17 CFR 240.19b-4(f)(6).

<sup>8</sup> 17 CFR 240.19b-4(f)(6)(iii).

SECURITIES AND EXCHANGE COMMISSION  
 (Release No. 34- \_\_\_\_\_; File No. SR-NYSEArca-2007-16)

[Date]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by NYSE Arca, Inc., Relating to Rule 6.47 and Immediate Effectiveness of Proposed Rule Change by NYSE Arca, Inc. Extending the SizeQuote Mechanism Pilot Program for a Period of One Year

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (the “Act”)<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that on February 14, 2007 the NYSE Arca, Inc. (“NYSE Arca ” or the “Exchange”) filed with the Securities and Exchange Commission 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 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

NYSE Arca, Inc. (“NYSE Arca” or the “Exchange”) is proposing to amend its rules in order to restore certain rule text to Rule 6.47 regarding the SizeQuote Pilot Program (“Pilot Program”) and to extend the Pilot Program, for a one-year period ending February 15, 2008. The text of the proposed rule change is attached as Exhibit 5.

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

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

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.

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 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 purpose of this proposal is to restore rule text that was inadvertently deleted from NYSEArca Rule 6.47(f) and to extend, for a one year period, the Exchange's SizeQuote Pilot Program. The Pilot Program was initially established when the Exchange filed SR-PCX-2005-35.<sup>4</sup> The Pilot Program was extended when the Exchange filed PCX-06-09,<sup>5</sup> and is now due to expire on February 15, 2007.

While the SizeQuote Mechanism Pilot Program is presently in operation at NYSE Arca, Rule 6.47(g) does not appear in the Rules of NYSE Arca ("Rules"). This rule text was mistakenly deleted from the Rules when the Exchange proposed, and subsequently received approval for SR-NYSEArca 2006-13.<sup>6</sup> Due to an oversight on behalf of Exchange staff, certain sections of established rule text, intended to remain in the Rules, were inadvertently omitted from the filing. The Exchange now proposes to restore the rule text covering the Pilot Program. The complete rule text is shown in the attached Exhibit 5.

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<sup>4</sup> See Securities Exchange Act Release No. 51576 (April 19, 2005), 70 FR 21488 (April 26, 2005).

<sup>5</sup> See Securities Exchange Act Release No. 53315 (February 15, 2006), 71 FR 9406 (February 23, 2006).

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

The Exchange has represented that at the completion of the Pilot Program, NYSE Arca would provide to the U.S. Securities and Exchange Commission (“Commission”) a report summarizing the effectiveness of the SizeQuote program. While the Exchange believes that the SizeQuote Mechanism can be an effective tool for Floor Brokers to use while executing large size orders in open outcry, the mechanism has not been used frequently enough to supply sufficient evidence to evaluate the effectiveness of the Pilot Program. In order to allow for additional time to compile sufficient evidence as to the effectiveness of the Pilot Program, NYSE Arca proposes to extend the Pilot Program for an additional one-year period ending February 15, 2008. At the end of the extended Pilot Program, the Exchange feels it will be able supply the Commission with a report summarizing the effectiveness of the program.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b)<sup>7</sup> of the Act, in general, and furthers the objectives of Section 6(b)(5),<sup>8</sup> in particular, in that it is designed to facilitate transactions in securities, to promote just and equitable principles of trade and 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

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<sup>7</sup> 15 U.S.C. §78f(b).

<sup>8</sup> 15 U.S.C. §78f(b)(5).

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 is filed pursuant to Section 19(b)(3)(A)<sup>9</sup> of the Act and SEC Rule 19b-4(f)(6)<sup>10</sup> thereunder.

This proposed rule change does not significantly affect the protection of investors or the public interest and does not impose any significant burden on competition, as the Exchange believes that this amendment is non-controversial.

In connection with this filing being made under Section 19(b)(3)(A) of the Act, the Exchange requests that the Commission waive the 30-day operative date and the five-day pre-filing period of Rule 19b-4(f)(6)(iii).

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change, as amended, 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 e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NYSEArca-2007-16 on the subject line.

Paper Comments:

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<sup>9</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>10</sup> 17 CFR 240.19b-4(f)(6).

- 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 Number SR-NYSEArca-2007-16. 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 the NYSE. 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-2007-16 and should be submitted by [insert date 21 days from date of publication].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>11</sup>

Nancy Morris  
Secretary

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<sup>11</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 5**  
**Text of the Proposed Rule Change:**<sup>1</sup>

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

**Rule 6**

Rule 6.47(a) – (e) – No Change.

(f) Open Outcry “SizeQuote” Mechanism

(i) SizeQuotes Generally. The SizeQuote Mechanism is a process by which a Floor Broker (“FB”) may execute and facilitate large-sized orders in open outcry. Floor Brokers must be willing to facilitate the entire size of the order for which they request SizeQuotes (the “SizeQuote Order”). The Exchange shall determine the classes in which the SizeQuote Mechanism will apply. The SizeQuote Mechanism will operate as a pilot program which expires February 15, 2008.

(A) Eligible Order Size: The Exchange shall establish the eligible order size however such size shall not be less than 250 contracts.

(B) Trading Crowd: The term “Trading Crowd” shall be as defined in NYSE Arca Rule 6.1(b)(30) and for purposes of this rule only shall also include any Floor Broker who is present at the trading post.

(C) Public Customer Priority: Public customer orders in the Consolidated Book have priority to trade with a SizeQuote Order over any member of the Trading Crowd providing a SizeQuote response at the same price as the order in the Consolidated Book.

(D) LMM Participation Rights: The LMM participation entitlement shall not apply to SizeQuote transactions.

(E) FBs may not execute a SizeQuote Order at a price inferior to the national best bid or offer (“NBBO”). Unless a SizeQuote request is properly canceled in accordance with paragraph (iv), a FB is obligated to execute the entire SizeQuote Order at a price that is not inferior to the NBBO in

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<sup>1</sup> New text is underlined. Deleted text is bracketed.

situations where there are no SizeQuote responses received or where such responses are inferior to the NBBO.

(ii) SizeQuote Procedure: Upon request from a FB for a SizeQuote, members of the Trading Crowd may respond with indications of the price and size at which they would be willing to trade with a SizeQuote Order. After the conclusion of time during which interested Trading Crowd member's have been given the opportunity to provide their indications, the FB must execute the SizeQuote Order with the members of the Trading Crowd and/or with a firm facilitation order in accordance with the following procedures:

(A) Executing the Order at the Trading Crowd's Best Price:

Members of the Trading Crowd that provide SizeQuote responses at the highest bid or lowest offer ("best price") have priority to trade with the SizeQuote Order at that best price. Allocation of the order among members of the Trading Crowd shall be prorata, up to the size of each member's SizeQuote response. The FB must trade at the best price any contracts remaining in the original SizeQuote Order that were not executed by the members of the Trading Crowd providing SizeQuote responses.

(B) Executing the Order at a Price that Improves upon the Trading Crowd's Price by One Minimum Increment: Members of the Trading Crowd that provide SizeQuote responses at the best price ("Eligible Trading Crowd Members") have priority to trade with the SizeQuote Order at a price equal to one trading increment better than the best price ("improved best price"). Allocation of the order among Eligible Trading Crowd Members at the improved best price shall be prorata, up to the size of each eligible Trading Crowd Member's SizeQuote response. The FB must trade at the improved best price any contracts remaining in the original SizeQuote Order that were not executed by Eligible Trading Crowd Members.

(C) Trading at a Price that Improves upon the Trading Crowd's Price by more than One Minimum Increment: A FB may execute the entire SizeQuote Order at a price two trading increments better than the best price communicated by the Trading Crowd Members in their responses to the SizeQuote request.

(iii) Definition of Trading Increments: Permissible trading increments are \$0.05 for options quoted below \$3.00 and \$0.10 for all others. In classes in which bid-ask relief is granted pursuant to Rule 6.37(b)(1)(F), the permissible trading increments shall also increase by the corresponding amount. For example, if a series trading above \$3.00 has double-width bid-ask relief, the permissible trading increment for purposes of this rule shall be \$0.20.

(iv) It will be a violation of the FB's duty of best execution to its customer if it were to cancel a SizeQuote Order to avoid execution of the order at a better price. The availability of the SizeQuote Mechanism does not alter a FB's best execution duty to get the best price for its customer. A SizeQuote request can be canceled prior to the receipt by the FB of responses to the SizeQuote request. Once the FB receives a response to the SizeQuote request, if he/she were to cancel the order and then subsequently attempt to execute the order at an inferior price to the previous SizeQuote response, there would be a presumption that the FB did so to avoid execution of its customer order in whole or in part by the others at the better price.

\* \* \*