

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 type="checkbox"/>	Section 19(b)(3)(A) <input checked="" 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 checked="" 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="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”), through its wholly owned subsidiary, NYSE Arca Equities, Inc. (“NYSE Arca Equities” or the “Corporation”), is proposing to amend its rules governing NYSE Arca, LLC (“NYSE Arca Marketplace”), the equities trading facility of NYSE Arca Equities. With this filing, the Exchange proposes to clarify that: (1) Equity Trading Permit (“ETP”) Holders who are not registered market makers are prohibited from entering Q orders pursuant to NYSE Arca Equities Rule 7.20(a) and (2) when Q Orders will automatically repost pursuant to NYSE Arca Equities Rule 7.31(l). The text of the proposed rule change is provided in 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.
- (c) Not applicable.

2. Procedures of the Self-Regulatory Organization

Senior management has approved the proposed rule changes 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 person on the Exchange staff prepared to respond to questions and comments on the proposed rule change is:

Melanie Grace	Andrew Stevens
Associate General Counsel	Assistant General Counsel
Office of the General Counsel	NYSE Arca, Inc.
(415) 393-4135	312-442-7632

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

(a) Purpose

Pursuant to NYSE Arca Equities Rule 7.23(a)(1) (Obligations of Market Makers), market makers are required to maintain continuous, two-sided Q Orders in those securities in which the market maker is registered to trade. NYSE Arca Equities Rule 7.31(k)(1)(A) provides that a market maker may instruct the NYSE Arca Marketplace before 6:28 a.m. (Pacific Time) to enter a Q Order on its behalf at price levels set forth in Rule 7.31(k)(1)(A).¹ Furthermore, Rule 7.31(k) provides

¹ These price levels are: (1) at the last price and size entered by the market maker during the previous trading day, either including or excluding reserve size; (2) at a

that upon execution, the Q Order entered pursuant to the market maker's instructions will automatically repost with the original size and \$10 below the original bid or \$10 above the original offer, but never below \$0.01.

The amendment to NYSE Arca Equities 7.31 reflected in this rule filing is consistent with the intent of the rule and how the system currently operates. Specifically, such automatic reposting will not occur if the market maker initially entered the Q Order without a reserve size, or if the market maker initially entered the Q Order with a reserve size and such reserve size is exhausted. The proposed amendment clarifies that under such circumstances, a market maker will be responsible for reposting a new Q Order in the security in order to remain in compliance with its continuous Q Order obligation pursuant to Rule 7.23(a)(1).

In addition, due to the broad definition of "Q Order" in NYSE Arca Equities Rule 7.31(k)(1), ETP Holders, who are not registered market makers, have been improperly acting as market makers by entering Q orders on the NYSE Arca Marketplace. In order to prevent this practice, the Corporation is clarifying the language in NYSE Arca Equities Rule 7.20(a) to specifically prohibit non-registered market maker ETP Holders from acting as market makers (i.e., submitting Q orders) and make Rule 7.20(a) more consistent with the proposed changes to 7.31(k)(1).

(b) Statutory Basis

The proposed rule change is consistent with Section 6(b)² of the Securities Exchange Act of 1934 (the "Act"), in general, and furthers the objectives of Section 6(b)(5)³ 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.

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.

specified percentage from the best bid or offer; or (3) at the standard Q defined as \$0.01 bid and 2 times the previous day's close for the offer with specified display and reserve sizes.

² 15 U.S.C. §78f(b).

³ 15 U.S.C. §78f(b)(5).

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)

Because the foregoing proposed rule change 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, it has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6) thereunder.

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.

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

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- _____; File No. SR-NYSEArca-2007-29)

[date]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by NYSE Arca, Inc., Relating to Rules 7.20 and 7.31

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 20, 2007, 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”), through its wholly owned subsidiary, NYSE Arca Equities, Inc. (“NYSE Arca Equities” or the “Corporation”), is proposing to amend its rules governing NYSE Arca, LLC (“NYSE Arca Marketplace”), the equities trading facility of NYSE Arca Equities. With this filing, the Exchange proposes to clarify: (1) that Equity Trading Permit (“ETP”) Holders who are not registered market makers are prohibited from entering Q orders pursuant to NYSE Arca

¹ 15 U.S.C.78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

Equities Rule 7.20(a) and (2) when Q Orders will automatically repost pursuant to NYSE Arca Equities Rule 7.31(l).

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. 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

Pursuant to NYSE Arca Equities Rule 7.23(a)(1) (Obligations of Market Makers), market makers are required to maintain continuous, two-sided Q Orders in those securities in which the market maker is registered to trade. NYSE Arca Equities Rule 7.31(k)(1)(A) provides that a market maker may instruct the NYSE Arca Marketplace before 6:28 a.m. (Pacific Time) to enter a Q Order on its behalf at price levels set forth in Rule 7.31(k)(1)(A).⁴ Furthermore, Rule 7.31(k) provides that upon execution, the Q Order entered pursuant to the market maker's instructions will automatically repost with the original size and \$10 below the original bid or \$10 above the original offer, but never below \$0.01.

⁴ These price levels are: (1) at the last price and size entered by the market maker during the previous trading day, either including or excluding reserve size; (2) at a specified percentage from the best bid or offer; or (3) at the standard Q defined as \$0.01 bid and 2 times the previous day's close for the offer with specified display and reserve sizes.

The amendment to NYSE Arca Equities 7.31 reflected in this rule filing is consistent with the intent of the rule and how the system currently operates. Specifically, such automatic reposting will not occur if the market maker initially entered the Q Order without a reserve size, or if the market maker initially entered the Q Order with a reserve size and such reserve size is exhausted. The proposed amendment clarifies that under such circumstances, a market maker will be responsible for reposting a new Q Order in the security in order to remain in compliance with its continuous Q Order obligation pursuant to Rule 7.23(a)(1).

In addition, due to the broad definition of “Q Order” in NYSE Arca Equities Rule 7.31(k)(1), ETP Holders, who are not registered market makers, have been improperly acting as market makers by entering Q orders on the NYSE Arca Marketplace. In order to prevent this practice, the Corporation is clarifying the language in NYSE Arca Equities Rule 7.20(a) to specifically prohibit non-registered market maker ETP Holders from acting as market makers (i.e., submitting Q orders) and make Rule 7.20(a) more consistent with the proposed changes to 7.31(k)(1).

2. Statutory Basis

The proposed rule change is consistent with Section 6(b)⁵ of the Securities Exchange Act of 1934 (the “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

⁵ 15 U.S.C. §78f(b).

⁶ 15 U.S.C. §78f(b)(5).

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 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 is filed pursuant to Section 19(b)(3)(A)⁷ of the Act and Rule 19b-4(f)(6)⁸ 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 the filing being made under Section 19(b)(3)(A) of the Securities Exchange Act of 1934, the Exchange requests that the Securities and Exchange Commission ("Commission") waive the 30-day delayed operative date and five-day pre-filing period of Rule 19b-4(f)(6)(iii).

IV. Solicitation of Comments

⁷ 15 U.S.C. 78s(b)(3)(A).

⁸ 17 CFR 240.19b-4(f)(6)(iii).

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. Please include File Number SR-NYSEArca-2007-29 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 Number SR-NYSEArca-2007-29. 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

Exchange and on the Exchange's website (www.nyse.com/regulation/rules). 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-2007-29 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.⁹

Florence E. Harmon
Deputy Secretary

⁹ 17 CFR 200.30-3(a)(12).

Text of the Proposed Rule Change:¹

NYSE Arca Equities, Inc. Rules

Rule 7

Equities Trading

* * * * *

Section 2. Market Makers

Rule 7.20. Registration of Market Makers

(a) No ETP Holder shall act as a Market Maker in any security (including but not limited to entering Q orders as defined in Rule 7.31(1)) unless such ETP Holder is registered as a Market Maker in such security by the Corporation pursuant to this Rule and the Corporation has not suspended or canceled such registration. Registered Market Makers are designated as dealers on the Corporation for all purposes under the Securities Exchange Act of 1934 and the rules and regulations thereunder.

(b) – (e) No Change.

* * * * *

Section 3. NYSE Arca Marketplace

* * * * *

Rule 7.31. Orders and Modifiers

(a) – (j) No Change.

(k) Q Order.

(1) A “Q Order” is a limit order submitted to the NYSE Arca Marketplace by a Market Maker, and designated by a Market Maker as a “Q Order” through such means as the Corporation shall specify.

(A)(1) – (3) No Change.

(B) (1) Upon execution, the Q Order entered with reserve size pursuant to the above instructions will automatically repost with the original display size and \$10 below

¹ New text is underlined, Deleted text is in brackets.

the original bid or \$10 above the original offer, but never below \$0.01; provided, however, that if the Market Maker specifies a reserve size for the Q Order, the Q Order will not automatically repost once the reserve size is exhausted. The Market Maker will then be responsible for immediately posting a new Q Order.

(2) Upon execution of a Q Order entered without reserve size, the Market Maker will then be responsible for immediately posting a new Q order.

(2) No Change.

(1) – (ii) No Change.

* * * * *