

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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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 1 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) NYSEArca, Inc., (“NYSE Arca” or “Exchange”) is proposing to amend Exchange Rule 6.80 governing the trading of Accommodation Transactions, also referred to as Cabinet Trades. 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 H. Gsell
Assistant General Counsel	Director
Office of the General Counsel	NYSE Regulation
(312) 442-7632	(415) 835-4805

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

(a) Purpose

An “accommodation” or “cabinet” trade refers to trades in listed options on the Exchange that may be considered worthless or which are not actively traded. Exchange Rule 6.80, Accommodation Transactions (Cabinet Trades), which sets forth specific procedures for engaging in cabinet trades, (i) permits cabinet trades to occur via open outcry at a cabinet price of \$1 per option contract when the class does not trade on the NYSE Arca automated electronic trading system,¹ and (ii) requires Market Makers and Floor Brokers who wish to conduct a cabinet transactions to place their orders with a Trading Official.

¹ Cabinet orders were previously eligible for automated electronic trading on the PCX Plus system. NYSE Arca decommissioned the PCX Plus electronic trading system during the fourth quarter of 2006 and replaced it with the OX electronic trading system. As a result, the Exchange proposes to delete the name “PCX Plus” from the text of Rule 6.80. At this time no issues have been designated for cabinet trading on OX or any other Exchange sponsored electronic system.

The primary purpose of this rule change is to amend Exchange Rule 6.80 to authorize Floor Brokers and Market Makers to initiate cabinet trades. Under the existing procedures, Market Makers and Floor Brokers are only permitted to (i) place cabinet orders with a Trading Official and (ii) respond at a cabinet price to a request for a quote from a Trading Official. Pursuant to the proposed amendment, Market Makers and Floor Brokers will also be permitted to initiate a cabinet trade in the trading crowd on their own, without the need to first place the order with a Trading Official. This will save the additional time and process involved in a Market Maker or Floor Broker needing to first place a cabinet order that they are initiating, with a Trading Official, who would then in turn represent and execute the order on behalf of the Market Maker or Floor Broker. Permitting Market Makers and Floor Brokers to initiate cabinet orders and trades on their own accord will provide Market Makers and Floor Brokers with additional flexibility and will facilitate the fair, orderly and efficient handling of cabinet transactions on the Exchange. Permitting Market Makers and Floor Brokers to represent cabinet orders is similar and consistent with Rule 6.54 of The Chicago Board Option Exchange.²

The second purpose of this rule change is to clarify that Floor Brokers and Market Makers, who enter into either opening or closing cabinet transactions, may do so as long as they first yield priority to all corresponding orders in the cabinet book. Rule 6.80 currently provides that all bids and offers for cabinet transactions, both opening and closing, must be placed with a Trading Official. The Exchange now proposes that both opening and closing transactions may be represented by Floor Brokers and Market Makers so long as they first yield priority to all corresponding orders in the cabinet.

The Exchange also proposes to include a provision in Rule 6.80 stating that the rules governing cabinet trading do not apply to issues that trade as part of the Penny Pilot program. Although cabinet trades involve orders priced at \$1 per option contract, the specific terms and conditions for cabinet trading are not applicable to option classes participating in the Penny Pilot.

(b) Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act³ in general, and furthers the objectives of Section 6(b)(5) of the Act⁴ in particular, because it is designed to prevent fraudulent and manipulative

² See Securities Exchange Act Release No. 53808 (May 16, 2006), 71 FR 29371 (May 22, 2006)(SR-CBOE-2006-33 permitted Floor Brokers to represent cabinet orders) See Securities Exchange Act Release No. 55801(January 10, 2007), 72 FR 2317 (January 18, 2007) (SR-CBOE-2007-02 permitted Market Makers to represent cabinet orders).

³ 15 U.S.C. 78f (b).

⁴ 15 U.S.C. 78f (b)(5).

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.

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)

Pursuant to Section 19(b)(3)(A)⁵ of the Act and Rule 19b-4(f)(6)⁶ thereunder, NYSE Arca has designated this proposed rule change as one that does not:

- (i) significantly affect the protection of investors or the public interest;
- (ii) impose any significant burden on competition; and
- (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest.

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. NYSE Arca requests that the Commission waive the 30-day operative delay contained in Exchange Act Rule 19b-4(f)(6).

⁵ 15 U.S.C. §78s(b)(3)(A).

⁶ 17 CFR 240.19b-4(f)(6).

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

The proposed rule change is based on Rule 6.54 of the Chicago Board Options Exchange.

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-2007-38)

[Date]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by NYSE Arca, Inc., Relating to Rule 6.80 Governing the Trading of Accommodation Trades

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 April 17, 2007, NYSE Arca, Inc. (“NYSE Arca” or the “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 and order 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

NYSE Arca proposes to amend Exchange Rule 6.80 governing the trading of Accommodation Transactions, also referred to as Cabinet Trades. 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 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-

¹ 15 U.S.C. § 78s(b)(1)

² 15 U.S.C. § 78a.

³ 17 CFR 240.19b-4.

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

An “accommodation” or “cabinet” trade refers to trades in listed options on the Exchange that may be considered worthless or which are not actively traded. Exchange Rule 6.80, Accommodation Transactions (Cabinet Trades), which sets forth specific procedures for engaging in cabinet trades, (i) permits cabinet trades to occur via open outcry at a cabinet price of \$1 per option contract when the class does not trade on the NYSE Arca automated electronic trading system,⁴ and (ii) requires Market Makers and Floor Brokers who wish to conduct a cabinet transactions to place their orders with a Trading Official.

The primary purpose of this rule change is to amend Exchange Rule 6.80 to authorize Floor Brokers and Market Makers to initiate cabinet trades. Under the existing procedures, Market Makers and Floor Brokers are only permitted to (i) place cabinet orders with a Trading Official and (ii) respond at a cabinet price to a request for a quote from a Trading Official. Pursuant to the proposed amendment, Market Makers and Floor Brokers will also be permitted to initiate a cabinet trade in the trading crowd on their own, without the need to first place the order with a Trading Official. This will save the

⁴ Cabinet orders were previously eligible for automated electronic trading on the PCX Plus system. NYSE Arca decommissioned the PCX Plus electronic trading system during the fourth quarter of 2006 and replaced it with the OX electronic trading system. As a result, the Exchange proposes to delete the name “PCX Plus” from the text of Rule 6.80. At this time no issues have been designated for cabinet trading on OX or any other Exchange sponsored electronic system.

additional time and process involved in a Market Maker or Floor Broker needing to first place a cabinet order that they are initiating, with a Trading Official, who would then in turn represent and execute the order on behalf of the Market Maker or Floor Broker.

Permitting Market Makers and Floor Brokers to initiate cabinet orders and trades on their own accord will provide Market Makers and Floor Brokers with additional flexibility and will facilitate the fair, orderly and efficient handling of cabinet transactions on the Exchange. Permitting Market Makers and Floor Brokers to represent cabinet orders is similar and consistent with Rule 6.54 of The Chicago Board Option Exchange.⁵

The second purpose of this rule change is to make clear that Floor Brokers and Market Makers, who enter into either opening or closing cabinet transactions, may do so as long as they first yield priority to all corresponding orders in the cabinet book. Rule 6.80 currently provides that all bids and offers for cabinet transactions, both opening and closing, must be placed with a Trading Official. The Exchange now proposes that both opening and closing transactions may be represented by Floor Brokers and Market Makers so long as they first yield priority to all corresponding orders in the cabinet.

The Exchange also proposes to include a provision in Rule 6.80 stating that the rules governing cabinet trading do not apply to issues that trade as part of the Penny Pilot program. Although cabinet trades involve orders priced at \$1 per option contract, the specific terms and conditions for cabinet trading are not applicable to option classes participating in the Penny Pilot.

⁵ See Securities Exchange Act Release No. 53808 (May 16, 2006), 71 FR 29371 (May 22, 2006) (SR-CBOE-2006-33 permitted Floor Brokers to represent cabinet orders) See Securities Exchange Act Release No. 55801 (January 10, 2007), 72 FR 2317 (January 18, 2007) (SR-CBOE-2007-02 permitted Market Makers to represent cabinet orders).

2. Statutory Basis

The proposed rule change is consistent with Section 6(b)⁶ of the Act, in general, and furthers the objectives of Section 6(b)(8)⁷ of the Act, in particular, in that it does not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

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

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)⁸ of the Act and Rule 19b-4(f)(6)⁹ thereunder.

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(8).

⁸ 15 U.S.C. §78s(b)(3)(A).

⁹ 17 CRF 240.19b-4(f)(6).

The Exchange requests that the Commission waive the 30-day delayed operative date of Rule 19b-4(f)(6)(iii). The Commission finds good cause to waive the 30-day operative delay, because such waiver is consistent with the protection of investors and the public interest.

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.

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 e-mail to rule-comments@sec.gov. Please include File Number SR-NYSEArca-2007-38 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-2007-38. 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-2007-38 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.¹⁰

Nancy M. Morris
Secretary

¹⁰ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

Text of the Proposed Rule Change:¹

Rules of NYSE Arca, Inc.

Accommodation Transactions (Cabinet Trades)

Rule 6.80.

(a) Applicability. The Exchange will designate option issues that are eligible for cabinet trading pursuant to this Rule. If an option issue has not been designated as eligible for automated electronic cabinet trading [on PCX Plus], the provisions of Rule 6.80(b) will apply. If an option issue has been designated as eligible for automated electronic cabinet trading [on PCX Plus], then the provisions of subsection (c), below, will apply. Rule 6.80 is not applicable to option classes participating in the Penny Pilot Program.

(b) Except as provided by subsection (c) below, the following provisions will apply to cabinet trading on the Exchange:

(1) No change

(2) Limit orders labeled at a price of \$1 per option contract [must] may be placed with [the] a Trading Official [.] or a Floor Broker. Market Makers in the Trading Crowd may represent bid and offers for cabinet trades on behalf of their own account.

(3) - (4) – No change

(5) The Trading Official appointed to each class of option contracts shall be responsible for \$1 per contract orders placed with him for that class. All bids and offers [must be] submitted to the Trading Official must be in writing. The Trading Official may effect all such transactions during the day by matching such orders placed with him. The Trading Official may also execute such orders with a Floor Broker or Market Maker representing the contra side of the order. Bids or offers on orders to open or close for the accounts of Market Makers, customers or firms may be made at \$1 per option contract, but such orders must yield to all [closing] orders in the cabinet.

(6) - (7) – No Change

(c) The following provisions of this subsection (c) will apply to option issues designated for automated electronic cabinet trading [on PCX Plus]:

(1) - (6) – No Change

¹ New text is underscored and deleted text is in brackets.