

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 EFFS 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

Add Remove View

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

Partial Amendment

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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”) proposes to amend its rules to extend the \$1 strike pilot program for an additional year. 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

The Exchange proposes to extend for one year the Exchange’s \$1 strike pilot program (the “Pilot Program”). The current Pilot Program expires on June 5, 2007. OTP Holders have expressed a continued interest in listing additional strike prices on low priced stocks so that they can provide their customers with greater flexibility in their investment choices. For this reason, the Exchange proposes to extend the Pilot Program. The Exchange notes that the Pilot Program, if extended, will remain unchanged in all material respects, including: all of the issues eligible to be included in the Pilot Program, the procedures for adding \$1 strike intervals, the procedures for phasing out \$2.50 strike price intervals, the prohibition against listing long-term options (also known as “LEAPS”) in equity option classes at \$1 strike price intervals, the procedures for adding expiration months, and the procedures for deleting \$1 strike intervals. In support of the Exchange’s proposal to extend the Pilot Program until June 5, 2008, the Exchange is submitting a report to the Commission (the “Pilot Program Report”), attached as Exhibit 3, offering detailed data from, and analysis of, the Pilot Program.

(b) Statutory Basis

The Exchange believes that continuing the Pilot Program will stimulate customer interest in options overlying lower-priced stocks by creating greater trading opportunities and flexibility. The Exchange further believes that continuing the Pilot Program will provide customers with the ability to more closely tailor investment strategies to the price movement of the underlying security. For these reasons, the Exchange believes that the proposed rule change is consistent with Section 6(b)¹ of the Act, in general, and furthers the objectives of Section 6(b)(5),² 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.

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)³ of the Act and SEC Rule 19b-4(f)(6)⁴ 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

¹ 15 U.S.C. §78f(b).

² 15 U.S.C. §78f(b)(5).

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6).

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.

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 3 – Pilot Program Report.

Exhibit 5 – Text of Proposed Changes.

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-NYSEArca-2007-42)

[Date]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by NYSE Arca, Inc. to Extend the Exchange's \$1 Strike Pilot Program for an Additional Year.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that on May 3, 2007, NYSE Arca, Inc. ("NYSE Arca" "Exchange") filed with the Securities and Exchange Commission ("Commission" or "SEC") the proposed rule change as described in Items I, II and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit 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 proposes to amend its rules to extend the \$1 strike pilot program for an additional year. 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 and discussed any comments it received on the proposed rule change. The text of these

¹ 15 U.S.C. 78s(b)(1).

² CFR 240.19b-4.

statements may be examined at the places specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in sections (A), (B) and (C) below, of the most significant aspects of such statements.

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

Purpose

The Exchange proposes to extend for one year the Exchange's \$1 strike pilot program (the "Pilot Program"). The current Pilot Program expires on June 5, 2007. OTP Firms have expressed a continued interest in listing additional strike prices on low priced stocks so that they can provide their customers with greater flexibility in their investment choices. For this reason, the Exchange proposes to extend the Pilot Program. The Exchange notes that the Pilot Program, if extended, will remain unchanged in all material respects, including: the procedures for adding \$1 strike intervals, the procedures for phasing out \$2.50 strike price intervals, the prohibition against listing long-term options (also known as "LEAPS") in equity option classes at \$1 strike price intervals, the procedures for adding expiration months, and the procedures for deleting \$1 strike intervals. In support of the Exchange's proposal to extend the Pilot Program until June 5, 2008, the Exchange is submitting a report to the Commission (the "Pilot Program Report"), attached as Exhibit 3, offering detailed data from, and analysis of, the Pilot Program.

Statutory Basis

The Exchange believes that continuing the Pilot Program will stimulate customer interest in options overlying lower-priced stocks by creating greater trading opportunities and flexibility. The Exchange further believes that continuing the Pilot Program will

provide customers with the ability to more closely tailor investment strategies to the precise movement of the underlying security. For these reasons, the Exchange believes that the proposed rule change is consistent with Section 6(b)³ of the Act, in general, and furthers the objectives of Section 6(b)(5),⁴ 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 proposed rule change will not 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

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

The Exchange provided the Commission with written notice of its intention to file the proposed rule change at least five business days before its filing. Moreover, the Exchange has designated the proposed rule change as one that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) does not become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate. Therefore, the foregoing rule change has become effective pursuant to Section

³ 15 U.S.C. §78f(b).

⁴ 15 U.S.C. §78f(b)(5).

19(b)(3)(A) of the Act⁵ and Rule 19b-4(f)(6) thereunder.⁶ At any time within 60 days after the filing of the proposed rule change, the Commission may summarily abrogate the rule change if it appears to the Commission 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 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 E-mail to rule-comments@sec.gov. Please include File Number SR-NYSEArca-2007-42 on the subject line.

Paper comments:

- Send paper comments in triplicate to Nancy Morris, Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20002.

All submissions should refer to File Number SR-NYSEArca-2007-42. 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

⁵ 15 U.S.C. 78s(b)(3)(A).

⁶ 17 CFR 240.19b-4(f)(6).

<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 Section, 100 F Street, NE, Washington, DC 20002. Copies of such filing also will be available for inspection and copying at the principal office of the NYSE Arca and on the company website at www.nyse.com. 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-2007-42 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority⁷.

Florence Harmon
Deputy Secretary

⁷ 17 CFR 200.30-3(a)(12).

PILOT PROGRAM REPORT

On June 5, 2003, the Securities and Exchange Commission (“Commission”) issued an order (“Approval Order”) approving the NYSE Arca, Inc. (“NYSE Arca” or “Exchange”) (f/k/a The Pacific Exchange) rule filing SR-PCX-03-28, which proposed a one year pilot program, allowing the Exchange to list option series on underlying stocks at \$1 strike price intervals (“Pilot Program”). On June 3, 2004, the Exchange filed See SR-PCX-04-39 (effective upon filing) which extended the Pilot Program until August 4, 2004. On August 5, 2004, the Commission approved an extension of the Pilot Program until June 5, 2005 (See SR-PCX-04-61). On May 31, 2005 the Exchange filed SR-PCX-2005-69 (effective upon filing) which extended the Pilot Program until Jun 6, 2006. On May 5, 2006 the Exchange filed NYSEArca-06-14 (effective upon filing) which extended the Pilot Program until June 5, 2007. In accordance with the Approval Order, the Exchange is submitting this Pilot Program report to provide the Commission with data and written analysis related to the Pilot Program since its inception date. In addition, at this time the Exchange is requesting a one-year extension for the existing \$1 Strike Pilot Program.

Rationale for Permanent Status Request

NYSE Arca believes that the distribution of open interest over a broader range of strike price has provided, and will continue to provide investors with greater flexibility in their investment choices in options on stocks trading below \$20 per share. The Exchange believes this is demonstrated in the increase in overall trading as highlighted by an increase in open interest during the two years the Pilot Program has been in place.

The Exchange believes that \$1 strike prices will continue to provide customers with the ability to more closely align investment strategies to the exact movement of the underlying security. During periods of much greater trading interest in options, this afforded more opportunities in pilot classes than in the overall universe of option classes, as demonstrated by the increase in trading growing at a rate faster than overall exchange trading levels. This added flexibility has been accomplished without placing additional strain on our trading system.

The Exchange believes that this demonstrated increase in open interest reflects an untapped reserve of trading interest that would not be realized without the Pilot Program. The Pilot Program, by providing additional strikes in which to make investment decisions, allows more opportunity to effect such decisions. The past couple of years in which the Pilot has been in place have provided enough evidence indicating that this new opportunity for investors can be accomplished without negative effects on the issues selected, system capacity or the investing community in general. The Exchange would like to continue facilitating such added flexibility to investors by adopting the \$1 Strike Program on a permanent basis.

1. Open Interest and Trading Volume for Options at All Strike Price Levels

Table A represents an analysis of the open interest for the four issues which were selected by NYSE Arca, and are still participating in the Pilot Program. One of the issues, CE, was delisted from the program after being acquired by another company in February 27, 2004. The table includes data for all series in the Pilot issues. The data shows that open interest has increased for three of the four issues during the two years that the program has been in effect. The fourth issue, THC, showed a sharp increase in open interest at the end of the first year of the program only to then drop by the end of the second year. Our analysis of open interest in the Pilot Program indicates that the additional \$1 strike intervals have led to an increase in investor interest in the selected issues. Furthermore, a look at quote load for the month of February of 2005, highlights the fact that the increase in customer interest and the additional overall number of series in those issues does not burden our system, i.e. total quote load for the four issues is .59% of total quotes at NYSE ARCA. Quote traffic rates on an issue by issue basis for 2006 are unavailable due to the migration to the new OX system.

Table B represents an analysis of the Average Daily Volume (“ADV”) in the NYSE ARCA selected pilot classes. The table shows ADV for the Third year of the pilot, from August of 2006 through March of 2007, and for comparative purposes also includes the two months just prior to the Pilot. The table includes percentage changes for the three years of the pilot’s existence. From the data, we see that NYSE Arca ADV changed from the two months just before the pilot, to the last two months of the pilot, in a range from a 1264% increase to a 42% decrease. During the same time period, National ADV changed in a range from a 691% increase to a 53% decrease

2. Delisted Options Series for All Strike Price Intervals For All Options Selected for the Pilot Program

No option series in the classes that were selected for participation in the program were delisted from June 5, 2003 to the present. Going back to the first year of the pilot, however, the Exchange inadvertently listed the AMR Corporation May 6 series when it was not eligible for our Pilot Program. After the matter was brought to our attention, the Exchange restricted trading to “closing only” transactions.

3. Appropriateness of \$1 Strike Price Intervals for Options NYSE ARCA Selected for the Pilot Program

The Exchange believes that each class selected by NYSE ARCA for participation in the Pilot Program has met the qualification for inclusion in the Pilot Program. Additionally, we believe that the distribution of open interest over a broader range of strike price has provided investors with greater flexibility in their investment choices in options on stocks trading below \$20 per share. While this is not reflected in the Average Daily Volume statistics, the Exchange believes this is demonstrated in the increase in overall trading as highlighted by an increase in open interest.

4. Impact of the Pilot Program on the Capacity of NYSE ARCA's, OPRA's and Vendors Respective Automated Systems

At the end of February of 2005, the Pilot Issues represented less than six tenths of one percent of all quotes generated by the Exchange (0.59%). This includes all strikes in the Pilot Issues; the \$1 strikes are only a subset of this group. In light of this, the Exchange believes the pilot has had no material impact on the capacity of NYSE Arca's, OPRA's, or Vendors respective automated systems or networks. (See table below)

Pilot Program Issue Quote Load – February 2005		
Issue	Average Daily Quotes	Percent of Overall Quote Load
AMAT	195,461	0.22%
AMD	184,980	0.20%
THC	43,900	0.05%
TWX	106,684	0.12%
Total	531,025	0.59%
Total Quotes – All NYSE ARCA Issues	90,374,611	

5. Capacity Problems or Other Problems that Arose During the Operation of the Pilot

NYSE ARCA has not experienced any capacity related problems associated with the listing of \$1 strike price series during the Pilot Period. NYSE ARCA experienced no queuing of price information to OPRA during this time. NYSE ARCA also understands that OPRA did not experience any queuing of data to vendors during the time in question. While NYSE ARCA overall quote traffic has increased over the last year, NYSE ARCA attributes this to the increase quote activity in the underling securities.

6. Complaints Received During the Operation of the Pilot Program

The NYSE ARCA is not aware of any complaints from investors, members, or other interested parties during the Pilot. The isolated incident of a strike being added when it was not eligible (see response #2) was related to human error, and does not represent any inherent problems with the Pilot Program.

Table A**OPEN INTEREST**

Symbol	Total Open Interest (Mar 03)	Total Open Interest (Mar 04)	Total Open Interest (Mar 05)	Total Open Interest (Mar 06)	Total Open Interest (Mar 07)
AMAT	174,525	528,483	199,035	238,642	576,271
AMD	83,582	206,531	365,277	33,691	1,219,193
THC	73,705	124,108	66,545	70,623	57,669
TWX	396,860	314,864	411,156	376,315	1,160,476

Table B

NYSE Arca Average Daily Volume*

issue	Average ADV for April-May of 2003 (Pre-Pilot)	Average ADV for Aug06-Mar07 (End of 3rd year of Pilot)	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07	Percentage Change from Sep-Oct 06 to Feb-Mar 07	Percentage Change from Sep-Oct 05 to Mar-Apr 06	Percentage Change from Sep-Oct 04 to Feb-Mar 05
AMAT	3,191	3,106	2,246	1,459	2,107	3,143	1,486	7,697	4,858	1,855	88%	6.80%	91%
AMD	800	10,909	1,378	2,275	7,722	3,241	5,877	19,538	19,023	28,217	373%	99%	102%
THC	659	382	313	491	164	661	44	837	487	60	-16%	-96%	93%
TWX	4,915	2,573	1,122	2,530	1,887	1,320	3,111	6,175	2,236	2,203	0%	-49%	496%

All NYSE Arca Issues

319,439	652,924	671,867	750,472	790,867	942,307	1,134,795	1,219,750	1,115,199	1,087,006	43%	13%	40%
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Industry Average Daily Volume*

AMAT	22,111	24,520	19,610	17,821	18,957	22,275	14,975	62,453	27,482	12,587	9%	104%	9.60%
AMD	8,735	69,122	39,849	37,956	75,865	34,926	50,300	161,533	67,187	85,359	34%	96%	-9%
THC	7,042	3,327	5,189	3,239	3,366	2,431	832	5,716	2,961	2,885	-11%	-69%	78%
TWX	38,818	28,526	20,921	26,984	25,889	22,047	20,064	72,458	18,024	21,824	-25%	-57%	192%

Text of the Proposed Rule Change:¹

Rules of the NYSE Arca, INC.

Rule 6

Series of Options Open for Trading

Rule 6.4(a) - (e) - No change.

Commentary .01 - .02 - No change.

.03 The Exchange may select a limited number of its listed options on individual stocks for which the interval of stock prices will be \$1.00 (“\$1 strike prices”) provided the strike price is \$20.00 or less, but not less than \$3. The listing of \$1 strike prices will be limited to options issues overlying no more than five (5) individual stocks (the “\$1 Strike Pilot Program”) as specifically designated by the Exchange. The Exchange may list \$1 strike prices on any other option issues if those issues are specifically designated by other securities exchanges that employ a \$1 Strike Pilot Program under their respective rules. To be eligible for inclusion into the \$1 Strike Pilot Program, an underlying stock must close below \$20 in its primary market on the previous trading day. After a stock is added to the \$1 Strike Pilot Program, the Exchange may list \$1 strike prices from \$3 to \$20 that are no more than \$5 from the closing price of the underlying on the preceding day. For example, if the underlying stock closes at \$13, the Exchange may list strike prices from \$8 to \$18. The Exchange may not list series with \$1.00 intervals within \$0.50 of an existing \$2.50 strike price (e.g., \$12.50, \$17.50) in the same series, and may not list \$2.50 intervals (e.g. \$12.50, \$17.50) below \$20 under *Commentary* .03 of this Rule for any issue included within the \$1 Strike Pilot Program if the addition of \$2.50 intervals would cause the issue to have strike price intervals that are \$.50 apart. Additionally, the Exchange may not list long-term option series (“LEAPS”) at \$1 strike price intervals for any option class selected for the \$1 Strike Pilot Program.

A stock shall remain in the \$1 Strike Pilot Program until otherwise designated by the Exchange. The \$1 Strike Pilot Program shall expire on June 5, [2007] 2008.

.05 - No change.

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