

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 “Exchange”) is proposing to amend its Schedule of Fees and Charges for Exchange Services (“Schedule”) by eliminating a Royalty Fee while adding another, capping the fees it charges to OTP Firms for booths on the options trading floor, and making a technical change to the Firm Facilitation fee. 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 person on the Exchange staff prepared to respond to questions and comments on the proposed rule change is:

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

Andrew Stevens Assistant General Counsel NYSE Arca, Inc. Phone (312) 442-7632	Glenn Gsell Director NYSE Regulation Phone (415) 835-4805
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Purpose

The purpose of this filing is to amend the existing NYSE Arca Rate Schedule by (1) making a technical change to the Firm Facilitation Fee, (2) eliminating one Royalty Fee, (3) adding one new Royalty Fee and (4) establishing a monthly cap on Booth Fees. A brief description of each proposed changes is shown below.

Firm Facilitation Fees

The Firm Facilitation rate applies to transactions involving a proprietary trading account of an OTP Firm that has a customer of that OTP Firm on the contra side of the transaction. This practice is generally referred to as “facilitating” an order. Facilitation Orders on NYSE Arca are manually traded via open outcry and are not presently eligible for electronic execution. Open outcry trades are not subject to the Post/Take pricing model that NYSE Arca utilizes for issues that trade as part of the Penny Pilot. Accordingly, the Schedule will now read “N/A” for Firm Facilitation fees under both “Post” and “Take” Liquidity. Once the Facilitation Orders are fully automated, the Exchange will file with the Commission, a proposal for a new Post/Take rate for this order type.

Royalty Fees

The Exchange proposes to eliminate Royalty Fees for options traded on the NASDAQ Fidelity Composite Index ETF (ONEQ). The Exchange will no longer collect the \$0.12 per contract fee on any trades in ONEQ. By eliminating these fees, the Exchange hopes to attract additional order flow and encourage more trading by market participants.

The Exchange plans to commence trading of options on the KBW Bank ETF (KBE). The Exchange has entered into a licensing agreement with Keefe, Bruyette & Woods Inc., the firm that created and maintains the fund. As a part of this agreement, NYSE Arca will pay a fee to Keefe, Bruyette & Woods on every contract traded on the Exchange. Effective with this filing, the Exchange will access a \$0.10 Royalty Fee, on a per contract basis, for Firm, Broker/Dealer, and Market Maker transactions in options on the KBE.

Booth Fees

OTP Firms apply for, and receive permission to use, booths on the options trading floor. The Exchange currently charges a \$350 per month fee for each booth that an OTP Firm uses, without any monthly cap. The Exchange now proposes capping this fee at \$3500 per month. Going forward, firms will pay a maximum monthly booth fee of \$3500 regardless of how many booths they are authorized to use.

Basis

The Exchange believes that the proposal is consistent with Section 6(b) of the Act, in general, and Section 6(b)(4), in particular, in that it provides for the equitable allocation of dues, fees and other charges among its members.

4. Self-Regulatory Organization's Statement on Burden on Competition

NYSE Arca 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 is effective upon filing pursuant to Section 19(b)(3)(A)(ii) of the Act and SEC Rule 19b-4(f)(2) thereunder in that it establishes or changes a due, fee, or other charge imposed on members by the self-regulatory organization.

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 or of the Commission.

9. Exhibits

Exhibit 1 – Form of Notice of Proposed Rule Change for Federal Register

Exhibit 5 – Revised Rate Schedule

SECURITIES AND EXCHANGE COMMISSION
 (Release No. 34-____; File No. SR-NYSEArca-2007-46)

[May 24, 2007]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by NYSE Arca, Inc. Relating to Exchange Fees and Charges.

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (“Act”)² and Rule 19b-4 thereunder,³ notice is hereby given that on May 25, 2007, NYSE Arca, Inc. (“NYSE Arca” or “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 is proposing to amend its Schedule of Fees and Charges for Exchange Services (“Schedule”) by eliminating a Royalty Fee while adding another, capping the fees it charges to OTP Firms for booths on the options trading floor, and making a technical change to the Firm Facilitation fee.

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

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a

³ CFR 240.19b-4.

discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in sections (A), (B) and (C) below, of the most significant aspects of such statements.

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

Purpose

The purpose of this filing is to amend the existing NYSE Arca Rate Schedule by (1) making a technical change to the Firm Facilitation Fee, (2) eliminating one Royalty Fee, (3) adding one new Royalty Fee and (4) establishing a monthly cap on Booth Fees. A brief description of each proposed changes is shown below.

Firm Facilitation Fees

The Firm Facilitation rate applies to transactions involving a proprietary trading account of an OTP Firm that has a customer of that OTP Firm on the contra side of the transaction. This practice is generally referred to as “facilitating” an order. Facilitation Orders on NYSE Arca are manually traded via open outcry and are not presently eligible for electronic execution. Open outcry trades are not subject to the Post/Take pricing model that NYSE Arca utilizes for issues that trade as part of the Penny Pilot. Accordingly, the Schedule will now read “N/A” for Firm Facilitation fees under both “Post” and “Take” Liquidity. Once the Facilitation Orders are fully automated, the Exchange will file with the Commission, a proposal for a new Post/Take rate for this order type.

Royalty Fees

The Exchange proposes to eliminate Royalty Fees for options traded on the NASDAQ Fidelity Composite Index ETF (ONEQ). The Exchange will no longer collect the \$0.12 per contract fee on any trades in ONEQ. By eliminating these fees, the Exchange hopes to attract additional order flow and encourage more trading by market participants.

The Exchange plans to commence trading of options on the KBW Bank ETF (KBE). The Exchange has entered into a licensing agreement with Keefe, Bruyette & Woods Inc., the firm that created and maintains the fund. As a part of this agreement, NYSE Arca will pay a fee to Keefe, Bruyette & Woods on every contract traded on the Exchange. Effective with this filing, the Exchange will assess a \$0.10 Royalty Fee, on a per contract basis, for Firm, Broker/Dealer, and Market Maker transactions in options on the KBE.

Booth Fees

OTP Firms apply for, and receive permission to use, booths on the options trading floor. The Exchange currently charges a \$350 per month fee for each booth that an OTP Firm uses, without any monthly cap. The Exchange now proposes capping this fee at \$3500 per month. Going forward, firms will pay a maximum monthly booth fee of \$3500 regardless of how many booths they are authorized to use.

Statutory Basis

The Exchange believes that the proposal is consistent with Section 6(b) of the Act, in general, and Section 6(b)(4), in particular, in that it provides for the equitable allocation of dues, fees and other charges among its members.

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 foregoing rule change has become effective pursuant to section 19(b)(3)(A)(ii) of the Securities Exchange Act of 1934 and subparagraph (f)(2) of Securities Exchange Act Rule 19b-4. At any time within 60 days of the filing of such 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 Securities Exchange Act of 1934.

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 NYSEArca-2007-46 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 20549-1090.

All submissions should refer to File Number NYSEArca-2007-46. 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 Section, 100 F Street, NE, Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of the Exchange and on the exchange website (www.nyse.com/regulation). 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 NYSEArca-2007-46 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 authority.⁴

Florence E. Harmon
Deputy Secretary

⁴ 17 CFR 200.30-3(a)(12).

Text of Proposed Rule Change

New text is underscored; deleted text is in brackets

NYSE Arca GENERAL OPTIONS and TRADING PERMIT (OTP) FEES

OTP TRADING PARTICIPANT RIGHTS

Floor Brokers, Office, Clearing Firms ¹	\$1,000 per month per OTP												
NYSE Arca Market Makers ¹	\$4,000 per month per OTP												
Lead Market Maker Rights ²	<table> <tr> <td>Avg National Daily Customer Contracts</td> <td>Monthly Issue Fee</td> </tr> <tr> <td>0 to 2,000</td> <td>\$150</td> </tr> <tr> <td>2,001 to 5,000</td> <td>\$400</td> </tr> <tr> <td>5,001 to 15,000</td> <td>\$750</td> </tr> <tr> <td>15,001 to 100,000</td> <td>\$1,500</td> </tr> <tr> <td>Over 100,000</td> <td>\$3,000</td> </tr> </table>	Avg National Daily Customer Contracts	Monthly Issue Fee	0 to 2,000	\$150	2,001 to 5,000	\$400	5,001 to 15,000	\$750	15,001 to 100,000	\$1,500	Over 100,000	\$3,000
Avg National Daily Customer Contracts	Monthly Issue Fee												
0 to 2,000	\$150												
2,001 to 5,000	\$400												
5,001 to 15,000	\$750												
15,001 to 100,000	\$1,500												
Over 100,000	\$3,000												

LMM OPTIONS ISSUE TRANSFER FEE	\$100 per issue charged to transferor
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OPTIONS ORIENTATION FEE (SERIES 44 OR 45)	\$1,000 (includes investigation and fingerprinting fees)
SERIES 46 EXAMINATION FEE	\$200
INVESTIGATION FEE	\$125 (assessed if applicant is not assessed the Options Orientation Fee)
FINGERPRINTING FEE	\$35 (assessed if applicant is not assessed the Options Orientation Fee)

REGULATORY FEES

Focus Filing Fee	\$100 annual filing fee for OTP Firms for which the Exchange is the Designated Examining Authority
Registration Fee	\$55 annual fee for new applications, maintenance, or transfer of registration status for each Registered Representative and each Registered Options Principal (collected by the NASD) \$30 for termination of such individuals \$85 NASD CRD Processing Fee \$95 NASD Disclosure Processing Fee \$30 NASD Annual System Processing Fee \$13 NASD Manual Processing Fee for Fingerprint results submitted by other SROs \$55 NYSE Arca Transfer/Re-license Individual Fee
DEA Fee	\$2,000 monthly fee per firm ³ \$250 annual fee per trader ³ \$250 per quarter for firms not engaging in a public business ⁴

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- Fee will be based on the maximum number of OTPs held by an OTP Firm or OTP Holder during a calendar month.
 - This fee is in addition to the Market Maker Fee and will be billed on a per issue basis to the OTP Firm acting as LMM in the issue. This fee will not apply to Interim LMMs acting in accordance with Rule 6.82(b)(4). This fee will not apply to issues that have been designated as "closing only" and are subject to delisting by the Exchange
 - This fee will apply to OTP Firms for which the Exchange is the Designated Examining Authority. An exemption from this fee will be granted to any NYSE Arca registered Floor Broker or Market Maker that effects at least 25% of all securities transactions, as measured in contract or share volume, on any options trading facility of NYSE Arca.
 - This fee does not apply to those firms subject to the \$2,000 monthly fee.

APPLICATION RESULTING IN
STATUTORY DISQUALIFICATION
PROCEEDINGS

\$2,000 fee per application

LATE PAYMENT OF FEES,
FINES & CHARGES

Number of times late within previous
twelve months

Amount of Charge

1

\$250 or 1.0% of invoice amount, whichever is greater

2 or more

\$500 or 1.5% of invoice amount, whichever is greater

NYSE Arca OPTIONS: TRADE-RELATED CHARGES**TRANSACTION FEE - PER CONTRACT**

<u>Order Type</u>	Standard Executions ⁵	Electronic Executions in Penny Pilot Issues ⁶	
		<u>Post Liquidity</u>	<u>Take Liquidity</u>
LMM ⁷	\$0.09	-\$0.30	\$0.50
NYSE Arca Market Maker	\$0.16	-\$0.30	\$0.50
Broker Dealer & Firm Electronic	\$0.50	-\$0.25	\$0.50
Broker Dealer & Firm Manual	\$0.26	N/A	N/A
Customer Electronic	\$0.00	-\$0.25	\$0.50
Customer Manual	\$0.00	N/A	N/A
Firm Facilitation ⁸	\$0.15	[-\$0.25] <u>N/A</u>	[\$0.50] <u>N/A</u>

LIMIT OF FEES ON OPTIONS STRATEGY EXECUTIONS ⁹ \$750 cap on transaction fees for Strategy Executions involving (a) reversals and conversions, (b) dividend spreads, (c) box spreads (d) short stock interest spreads and (e) merger spreads. The cap applies to each Strategy Execution executed on the same trading day in the same option class. Transaction fees for Strategy Executions are further capped at \$25,000 per month per initiating firm. All Royalty fees associated with Strategy Executions on Index and Exchange Traded Funds will be passed through to trading participants on the Strategy Executions on a pro-rata basis. These Royalty fees will not be included in the calculation of the \$750 per trade cap or the \$25,000 per month strategy fee cap.

LINKAGE FEES ¹⁰ \$0.26 per contract on manually executed orders
\$0.50 per contract on electronically executed orders

MARKETING CHARGE Standard and Poor's Depository Receipts (SPY) \$1.00 per contract side on all Market Maker transactions (excluding Market Maker to Market Maker transactions)
All other NYSE Arca Equity Options: \$0.65 per contract side on transactions of Lead Market Makers and Market Makers against all public customer orders.
Marketing Charges will not be assessed on transactions in Penny Pilot issues.

ROYALTY FEES ¹¹ [Nasdaq Fidelity Composite Index ETF (ONEQ) \$0.12]

- 5 Standard Executions include all executions in non-Penny Pilot issues and all manual executions in Penny Pilot issues.
- 6 For Electronic Executions in Penny Pilot issues, Post Liquidity Fees are credited, Take Liquidity Fees are charged. Transaction fees do not apply to executions occurring during the Opening Auction in Penny Pilot issues. Penny Pilot issues trade as part of a pilot program through July 26, 2007.
- 7 The Exchange will rebate this fee for NYSE Arca Options executions that result from principal acting as agent orders sent and executed at away market centers. In addition to the fore mentioned rebate, the Exchange will credit Market Makers \$0.26 per contract for executions that result from principal acting as agent orders sent and executed at away market centers. The rebate and credit will be based on the aggregate market maker transaction charge calculated at month-end. Market Makers shall reimburse the Exchange for all credits received in excess of the total actual costs associated with sending principal acting as agent orders to away market centers.
- 8 The Firm fee applies to any transaction involving a proprietary trading account of an OTP Firm, that has a customer of that OTP Firm on the contra side of the transaction.
- 9 This fee is applicable through an Exchange Pilot Program until March 1, 2008.
- 10 Executions resulting from Linkage Orders, other than Satisfaction Orders, will be subject to these fees. Fees imposed on Linkage Orders are subject to an Exchange Pilot Program and will expire July 31, 2007.

Russell 2000 Index (RUT)	\$0.15
<u>KBW Bank ETF (KBE)</u>	<u>\$0.10</u>

Royalty Fees will be assessed on a per contract basis for firm, broker/dealer, and Market Maker transactions. For electronic executions in issues included in the Penny Pilot, Royalty Fees will be passed through to the trading participant on the "Take" side of the transaction.

NYSE Arca OPTIONS: FLOOR and EQUIPMENT FEES

ELECTRONIC ORDER CAPTURE DEVICE	\$175 per device per month
FLOOR BOOTHS	\$350 per month per booth <u>Booth Fees are capped at \$3500 per month per OTP Firm</u>
TELEPHONES	\$95 / month per MX phone; \$30 /month per non-MX phone; \$14 per month per line (MX and non-MX phones); \$40/month per cordless phone; \$110 /month per drop phone
OPTIONS FLOOR ACCESS FEE	\$130 per month for all registered floor personnel that do not pay an OTP Fee
TRADE MATCH TERMINAL FEE	\$80 per month per Exchange-provided dedicated terminal or per user ID on firm-provided PCs that connect via the Exchange to SIAC \$50 per month per user ID on firm-provided PCs that connect via the firm's SIAC connection
WIRE SERVICES	Pass-through fees
VENDOR EQUIPMENT ROOM CABINET FEE	\$2,150 per cabinet per month. Firms not using a full cabinet will pay a pro rata portion
CONNECTIVITY FEE	\$300 per line per month per order sending firm
TELECOM MOVE/ADD/CHANGE FEE	\$100 per hour on pro-rated basis

NYSE Arca OPTIONS: REPORT FEES

OPTIONS REPORTS	
User Activity Extracts (Batch)	\$0.0075 per trade plus development and set-up costs
Online Data Extract	\$500 per month
SPECIALIZED REPORT, PRINTING AND PROCESSING	Development and production costs