



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**

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

**Partial Amendment**

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

- (a) NYSE Arca, Inc. (“NYSE Arca” or the “Exchange”) is proposing to amend its rules in order to add a new order type known as the Primary Sweep Order. The changes described in this rule proposal would add new Rule 7.31(kk). The text of the proposed rule 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.
- (c) Not applicable.

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 Assistant General Counsel NYSE Euronext (312) 442-7632	Bob Hill Vice President NYSE Euronext (312) 442-7023
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3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

(a) Purpose

In order to provide additional flexibility and increased functionality to its system and its Users,<sup>1</sup> the Exchange proposes to add a new and complimentary variation to an existing order type. The existing order type, the Primary Only Order (“PO Order”), is a market or limit order that is routed to the primary, listing market, without sweeping the NYSE Arca book.<sup>2</sup> The new corollary to this order type, the Primary Sweep Order (“PSO”), will sweep the NYSE Arca book prior to being directed to the primary, listing market.

<sup>1</sup> See NYSE Arca Rule 1.1(yy) for the definition of “User.”

<sup>2</sup> See NYSE Arca Rule 7.31(x) for the definition of “PO Order.”

**The PO Order**

Presently, PO Orders are restricted to participation in the primary market opening and must be entered before 6:28 am (Pacific Time), or a cut-off time as determined from time to time by the Corporation. In addition, these orders do not sweep the NYSE Arca book. In an effort to enhance order execution opportunities for its Users, the Exchange proposes adding a new variation on this order type that may be entered at any time and that first sweeps the NYSE Arca book.

**PSO Order Features**

The proposed PSO is a PO Order that may be entered at any time and which first sweeps the NYSE Arca book. After sweeping the book, the PSO (or any unexecuted portion thereof) shall be routed directly to the primary, listing market. If the order is not IOC, the order is not returned to the book and remains at the venue routed to, until executed or cancelled. In addition, PSOs may be designated as intermarket sweep orders thereby providing the entering party the ability to trade-through any protected bid or offer (as defined in Rule 600(b) of Regulation NMS under the Act) and execute first at NYSE Arca and then at the primary, listing market. Of course, a broker-dealer that designates an order as an intermarket sweep order has the responsibility of complying with Rules 610 and 611 of Regulation NMS.

The Exchange believes that the addition of the proposed order type, as a variation of the existing PO Order, will enhance flexibility and order execution opportunities for its Users. The Exchange also believes that the proposed PSO will also allow its Users to comply with their obligation to avoid trading through any protected bid or offer within the meaning of Rule 600(b) of Regulation NMS.

**(b) Basis**

The proposed rule change is consistent with Section 6(b)<sup>3</sup> of the Securities Exchange Act of 1934 (the “Act”), in general, and furthers the objectives of Section 6(b)(5)<sup>4</sup> 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 mechanisms of a free and open market and a national market system.

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<sup>3</sup> 15 U.S.C. 78f(b).

<sup>4</sup> 15 U.S.C. 78f(b)(5).

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 Exchange 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)<sup>5</sup> of the Act and Rule 19b-4(f)(6)<sup>6</sup> 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). The Exchange believes this is a modest variation upon an existing order type that does not impose any burden on competition or significantly affect the protection of investors.

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<sup>5</sup> 15 U.S.C. §78s(b)(3)(A).

<sup>6</sup> 17 CRF 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 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-2007-50)

[Date]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by NYSE Arca, Inc., Adding a New Order Type Known As the Primary Sweep Order

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (the “Act”)<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that on May 25, 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 its rules in order to add a new order type known as the Primary Sweep Order. The changes described in this rule proposal would add new Rule 7.31(kk). The text of the proposed rule 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-

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<sup>1</sup> 15 U.S.C. § 78s(b)(1)

<sup>2</sup> 15 U.S.C. § 78a.

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

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

In order to provide additional flexibility and increased functionality to its system and its Users,<sup>4</sup> the Exchange proposes to add a new and complimentary variation to an existing order type. The existing order type, the Primary Only Order (“PO Order”), is a market or limit order that is routed to the primary, listing market, without sweeping the NYSE Arca book.<sup>5</sup> The new corollary to this order type, the Primary Sweep Order (“PSO”), will sweep the NYSE Arca book prior to being directed to the primary, listing market.

**The PO Order**

Presently, PO Orders are restricted to participation in the primary market opening and must be entered before 6:28 am (Pacific Time), or a cut-off time as determined from time to time by the Corporation. In addition, these orders do not sweep the NYSE Arca book. In an effort to enhance order execution opportunities for its Users, the Exchange proposes adding a new variation on this order type that may be entered at any time and that first sweeps the NYSE Arca book.

**PSO Order Features**

The proposed PSO is a PO Order that may be entered at any time and which first sweeps the NYSE Arca book. After sweeping the book, the PSO (or any unexecuted

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<sup>4</sup> See NYSE Arca Rule 1.1(yy) for the definition of “User.”

<sup>5</sup> See NYSE Arca Rule 7.31(x) for the definition of “PO Order.”

portion thereof) shall be routed directly to the primary, listing market. If the order is not IOC, the order is not returned to the book and remains at the venue routed to, until executed or cancelled. In addition, PSOs may be designated as intermarket sweep orders thereby providing the entering party the ability to trade-through any protected bid or offer (as defined in Rule 600(b) of Regulation NMS under the Act) and execute first at NYSE Arca and then at the primary, listing market. Of course, a broker-dealer that designates an order as an intermarket sweep order has the responsibility of complying with Rules 610 and 611 of Regulation NMS.

The Exchange believes that the addition of the proposed order type, as a variation of the existing PO Order, will enhance flexibility and order execution opportunities for its Users. The Exchange also believes that the proposed PSO will also allow its Users to comply with their obligation to avoid trading through any protected bid or offer within the meaning of Rule 600(b) of Regulation NMS.

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act<sup>6</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>7</sup> in particular, because 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.

## B. Self-Regulatory Organization's Statement on Burden on Competition

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<sup>6</sup> 15 U.S.C. 78f (b).

<sup>7</sup> 15 U.S.C. 78f (b)(5).

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

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. The Exchange requests that the Commission waive the 30-day delayed operative date of Rule 19b-4(f)(6)(iii). The Exchange believes this is a modest variation upon an existing order type that does not impose any burden on competition or significantly affect the protection of investors. 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

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<sup>8</sup> 15 U.S.C. §78s(b)(3)(A).

<sup>9</sup> 17 CRF 240.19b-4(f)(6).

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](mailto:rule-comments@sec.gov). Please include File Number SR-NYSEArca-2007-50 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-2007-50. 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-2007-50 and should be submitted by [insert date 21 days from date of publication].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>10</sup>

Nancy M. Morris  
Secretary

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<sup>10</sup> 17 CFR 200.30-3(a)(12).

Proposed new language is underlined; proposed deletions are marked by [brackets].

## NYSE ARCA EQUITIES RULES

### RULE 7 EQUITIES TRADING

\* \* \*

Rule 7.31 (a) – (jj) – No Change

(kk) Primary Sweep Orders (“PSO”). A PO Order that first sweeps the Arca book. A PSO may be entered at any time. The PSO shall be Day or IOC only, and may not be designated as GTC.

(1) After sweeping the Arca book, the PSO (or any unexecuted portion thereof) shall be routed directly to the primary market. If the order is not IOC, the order is not returned to the book and remains at the venue routed to, until executed or cancelled.

(2) A PSO may be designated as intermarket sweep orders by the entering party to execute against the full displayed size of any protected bid or offer (as defined in Rule 600(b) of Regulation NMS under the Act). A broker-dealer that designates an order as an Intermarket Sweep Order has the responsibility of complying with Rules 610 and 611 of Regulation NMS.