SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–54024; File No. SR–NYSE–2006–44]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Specialist Algorithmic Quoting Messages Permitted Pursuant to Exchange Rule 104

June 21, 2006.

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 June 20, 2006, the New York Stock Exchange LLC (''NYSE'') or ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Item I and II below, which Items have been prepared by the Exchange. NYSE filed the proposed rule change pursuant to section 19(b)(3)(A) of the Act [3] and Rule 19b–4(f)(6) thereunder,[4] which renders the proposed rule change effective upon filing with the Commission. 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 proposes to amend Exchange Rule 104 (Dealings by Specialists) with respect to the specialists' ability to establish systems employing algorithms to send messages via a connection to the Display Book® system for the purpose of updating quotations systematically. The text of the proposed rule change is available on the Exchange's Web site (*http://www.nyse.com*), at the Exchange's Office of the Secretary, and at the Commission's Public Reference Room.

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 Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any concerns it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in Section 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

Under the NYSE HYBRID MARKET℠ initiative [5], the Exchange proposed several changes to the manner in which specialists on the Exchange would be able to establish electronic connections to the Display Book® [6] system (''Display Book'') to provide them with access to certain information and permit them to make a range of specified quoting and trading decisions based on that information. The Exchange proposed amendments to Exchange Rule 104 (Dealings by Specialists) to provide specialists with the ability to implement systems that use proprietary algorithms based on predetermined parameters to electronically participate in the Hybrid Market (''Specialist Algorithm''). The Specialist Algorithm is designed to communicate with the Display Book system via an Exchange-owned external application program interface (''API'').

As approved in the Hybrid Market initiative, the Specialist Algorithm is permitted to send messages to the Display Book via the API to quote or trade on behalf of the specialist's proprietary interest. The Specialist Algorithm will generate these quoting or trading messages in reaction to specific types of information it will have access to. This information includes specialist dealer position, existing quotes, publicly available information the specialist chooses to supply to the algorithm, incoming orders as they are entering Exchange systems, and information about orders on the display Book such as limit orders, percentage orders, stop orders, and auction limit and auction market orders. This latter information stream is known as ''state of the book'' information.

Since the approval of the Hybrid Market, the Exchange has continued to discuss Hybrid Market features with its members and advisory committees. Based on these discussions, the Exchange has decided to make changes to certain aspects of the Hybrid Market, to produce a trading venue that best addresses the various needs of its members and customers.

As part of the implementation of Phase II of the Hybrid Market, the Exchange is proposing that it have the ability to permit specialists to send quoting messages via the API in all securities without the specialists having access to information about incoming orders as they are entering Exchange systems. This is similar to the manner in which specialists are allowed to send quoting messages in exchange traded funds (''ETFs'') and Trust Issued Receipts today,[7] before the effectiveness of the full Hybrid amendments, except that the specialist systems would have access to state of the book information.

Exchange Rule 104 currently allows specialists to send quoting messages via the API in ETFs and Trust Issued Receipts. These specialists' algorithms do not have access to the state of the book information stream. The provision discussed in this filing will be superseded with the Exchange rule 104 amendments noted above when Phase II of the Hybrid Market is fully implemented.

The Exchange believes that use of the API to quote in this fashion will enable specialists and the Exchange to obtain valuable real time experience with respect to the use of specialist proprietary algorithms.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with section 6(b) of the Act [8] in general, and furthers the objectives of section 6(b)(5) of the Act [9] in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

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.

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] 15 U.S.C. 78s(b)(3)(A).

[4] 17 CFR 240.19b–4(f)(6).

[5] *See* Securities Exchange Act Release No. 53539 (March 22, 2006), 71 FR 16353 (March 31, 2006).

[6] The Display Book system is an order management and execution facility. It receives and displays orders to the specialist, contains the orders received by the specialist (the ''Book''), and provides a mechanism to execute and report transactions to the Consolidated Tape.

[7] Exchange Rule 104 was amended for this purpose in 2004. *See* Securities Exchange Act Release No. 50412 (September 20, 2004), 69 FR 57741 (September 27, 2004).

[8] 15 U.S.C. 78f(b).

[9] 15 U.S.C. 78f(b)(5).

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

The Exchanges 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) by its terms, 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, it has become effective pursuant to section 19(b)(3)(A) of the Act [10] and Rule 19b–4(f)(6) thereunder.[11]

A proposed rule change filed under Rule 19b–4(f)(6) normally may not become operative prior to 30 days after the date of filing. However, Rule 19b–4(f)(6)(iii) [12] permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has requested that the Commission waive the 30-day operative delay and designate the proposed rule change immediately operative upon filing. The Commission believes that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest because it would allow specialists to quote more efficiently. Accordingly, the Commission designates the proposal to be effective and operative upon filing with the Commission.[13]

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 witht he 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–NYSE–2006–44 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 20549–1090.

All submissions should refer to File Number SR–NYSE–2006–44. 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 also will be available for inspection and copying at the principal office of the Exchange. 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–NYSE–2006–44 and should be submitted on or before July 19, 2006.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[14]

J. Lynn Taylor,

Assistant Secretary.

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[10] 15 U.S.C. 78s(b)(3)(A).

[11] 17 CFR 240.19b–4(f)(6).

[12] 17 CFR 240.19b–4(f)(6)(iii).

[13] For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

[14] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–54026; File No. SR–PCX–2005–115]

Self-Regulatory Organizations; Pacific Exchange, Inc. (n/k/a NYSE Arca, Inc.); Notice of Filing of a Proposed Rule Change and Amendment Nos. 1 and 2 Thereto Relating and Order Granting Partial Accelerated Approval To Trading Shares of the Funds of the ProShares Trust Pursuant to Unlisted Trading Privileges

June 21, 2006.

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 October 11, 2005, the Pacific Exchange, Inc. (n/k/a NYSE Arca, Inc.) (the ''Exchange''), through its wholly owned subsidiary PCX Equities, Inc. (n/k/a/ NYSE Arca Equities, Inc.) (''NYSE Arca Equities'' or the ''Corporation''), filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange.[3] The Exchange filed Amendment No. 1 to the proposed rule change on November 21, 2005.[4] The Exchange filed Amendment No. 2 to the proposed rule change on May 5, 2006.[5] The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons and is partially approving the proposal, as amended, on an accelerated basis.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange, through its wholly owned subsidiary NYSE Arca Equities, proposes to trade shares (''Shares'') of the following twelve funds of the ProShares Trust (f/k/a xtraShares Trust) (the ''Trust''): Ultra 500 Fund, Ultra 100 Fund, Ultra 30 Fund, Ultra Mid-Cap 400

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] On March 6, 2006, the Pacific Exchange, Inc. (''PXC''), filed with the Commission a proposed rule change, which was effective upon filing, to change the name of the Exchange, as well as several other related entities, to reflect Archipelago's recent acquisition of PCX and the merger of the NYSE with Archipelago. *See* File No. SR–PCX–2006–24. All references herein have been changed to reflect these transactions. Telephone Conference between Lisa Dallmer, Direct, NYSE Arca Equities, Inc., and Florence E. Harmon, Senior Special Counsel, Division of Market Regulation (''Division''), Commission, on June 21, 2006.

[4] Amendment No. 1 replaced and superseded the original filing in its entirety.

[5] Amendment No. 2 replaced and superseded Amendment No. 1 in its entirety.