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SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-66062; File No. SR-NYSEArca-2011-98)

December 28, 2011

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Deleting NYSE Arca Equities Rule 7.31(w)(1) to Remove the PNP Plus Order Type

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 December 21, 2011, NYSE Arca, Inc. (the “Exchange” or “NYSE Arca”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. 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

The Exchange proposes to delete NYSE Arca Equities Rule 7.31(w)(1) to remove the PNP Plus Order type. The text of the proposed rule change is available at the Exchange, the Commission’s Public Reference Room, and www.nyse.com.

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 those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

1. Purpose

The Exchange proposes to delete NYSE Arca Equities Rule 7.31(w)(1) to remove the PNP (Post No Preference) Plus order type.

By its terms, a PNP Order is a limit order to buy or sell that is to be executed in whole or in part on the Exchange, and the portion that is not executed is ranked on the Exchange’s order book without routing any portion of the order to another market center.³ Pursuant to NYSE Arca Equities Rule 7.31(w)(1), for any portion of a PNP Order designated as a PNP Plus Order that remains unexecuted and would otherwise lock or cross the best protected bid or offer (“PBBO”), Exchange systems would automatically re-price the PNP Plus Order to a penny better than the Best Protected Bid (for sell orders) or a penny lower than the Best Protected Offer (for buy orders). Exchange systems would continue to re-price a PNP Plus Order with each change of the PBBO until such time that the PBBO has moved to a price where the original price of the PNP Plus Order would no longer result in a locked or crossed market, at which time the PNP Plus Order would revert to the original price of the order.

The Exchange proposes to delete Rule 7.31(w)(1) and all references to the PNP Plus Order type. The rule was adopted, in part, to provide ETP Holders with an additional processing capability for PNP Orders.⁴ However, since it was adopted, the PNP Plus Order type has not been used by ETP Holders. In addition, the functionality associated with PNP Plus Orders causes system instability, and as a result, the system functionality has not been operable.

³ See NYSE Arca Equities Rule 7.31(w).

⁴ See Securities Exchange Act Release No.49942 (June 29, 2004), 69 FR 41005 (July 7, 2004) (SR-PCX-2004-12).

In reviewing this system functionality, the Exchange has also identified that the operation of the PNP Plus Order may conflict with the proposed Plan pursuant to Rule 608 of Regulation NMS to Address Extraordinary Market Volatility (the “Limit Up-Limit Down Plan” or “Plan”), which the equities exchanges and the Financial Industry Regulatory Authority, Inc., filed with the Securities and Exchange Commission in April 2011.⁵ The Limit Up-Limit Down Plan is designed to prevent trades from occurring outside of specified price bands. The Exchange believes that if the best protected bid (offer) is below (above) the Lower (Upper) Price Band, as defined in the Plan, the automatic re-pricing of PNP Plus Orders may result in an offer (bid) being repriced either at the Lower (Upper) Price Band, potentially causing the market to enter a Limit State, as defined in the Plan, or below (above) the Lower (Upper) Price Band, in violation of the Plan. Accordingly, as part of the Exchange’s system development efforts for the Limit Up-Limit Down Plan, the Exchange has determined to remove the PNP Plus Order functionality.

2. Statutory Basis

The statutory basis for the proposed rule change is Section 6(b)(5) of the Securities Exchange Act of 1934 (the “Act”),⁶ which requires the rules of an exchange 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. The proposed rule change also is designed to support the principles of Section 11A(a)(1)⁷ of the Act in that it seeks to assure fair competition among brokers and dealers and among exchange markets. The Exchange believes that the proposed rule change will perfect the

⁵ See Securities Exchange Act Release No. 64547 (May 25, 2011), 76 FR 31647 (June 1, 2011) (File No. 4-631).

⁶ 15 U.S.C. 78f(b)(5).

⁷ 15 U.S.C. 78k-1(a)(1).

mechanism of a free and open market because it removes an order type that is not used by ETP Holders and that causes system function instability. In addition, the Exchange believes it is appropriate and desirable to remove the PNP Plus Order type because it would further the Exchange's system development effort in support of the proposed Limit Up-Limit Down Plan. By eliminating this order type and the system functionality that supports it, the Exchange will be better positioned to meet the target implementation date for the Plan, and assure that the Exchange's systems will operate in a manner that effectively and efficiently implements the Limit Up-Limit-Down Rule. As such, this proposed rule change furthers the goal of a free and open market and national market system.

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

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act⁸ and Rule 19b-4(f)(6) thereunder.⁹ Because the 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 prior to 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 proposed rule change has become effective pursuant to

⁸ 15 U.S.C. 78s(b)(3)(A)(iii).

⁹ 17 CFR 240.19b-4(f)(6).

Section 19(b)(3)(A) of the Act¹⁰ and Rule 19b-4(f)(6)¹¹ thereunder.

At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend 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. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

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-2011-98 on the subject line.

Paper comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NYSEArca-2011-98. This file number should be included on the subject line if e-mail is used. To help the Commission process and review

¹⁰ 15 U.S.C. 78s(b)(3)(A).

¹¹ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<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 website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the 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-NYSEArca-2011-98 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹²

Elizabeth M. Murphy
Secretary

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¹² 17 CFR 200.30-3(a)(12).