

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-59177; File No. SR-NYSE-2008-136]

### Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Extend the Pilot Liquidity Provider Credit on the NYSE Bonds System

December 30, 2008.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on December 22, 2008, the New York Stock Exchange LLC (“NYSE” or the “Exchange”) 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 NYSE. The Exchange has designated this proposal as one establishing or changing a due, fee, or other charge imposed by the Exchange under Section 19(b)(3)(A)(ii) of the Act<sup>3</sup> and Rule 19b-4(f)(2) thereunder,<sup>4</sup> which renders the proposal 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

The Exchange proposes to extend the pilot program that issues liquidity providers a \$20 credit for certain bond trades executed on the NYSE Bonds<sup>SM</sup> system (“NYSE Bonds”) with an execution size of less than 20 bonds to December 31, 2009. The Exchange also seeks to make technical amendments to the fee schedule.

The text of the proposed rule change is available at NYSE, the Commission’s Public Reference Room, and <http://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, NYSE 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 statements may be examined at the places specified

in Item IV below. NYSE 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

The New York Stock Exchange LLC (the “Exchange” or the “NYSE”) proposes to extend the pilot program that issues liquidity providers a \$20 credit for certain bond trades executed on the NYSE Bonds<sup>SM</sup> system (“NYSE Bonds”) with an execution size of less than 20 bonds to December 31, 2009.

A liquidity provider is one who posts liquidity to NYSE Bonds. During the course of clearing their bond trades, liquidity providers absorb clearing costs. In order to offset these clearing costs, liquidity providers may increase the offer price or decrease the bid price of the bond. In doing so, the best execution of a bond order may be compromised as clearing costs increase with smaller orders.

Accordingly, the Exchange proposes that liquidity providers continue to be issued a \$20 credit for executions of bond orders with an execution size of less than 20 bonds through December 31, 2009. In order for liquidity providers to be eligible to receive this \$20 credit, the original and/or residual order posted by the liquidity provider must be for 20 bonds or more. For example, if a liquidity provider posts an order for 100 bonds and a contra side order comes in for 50 bonds, the liquidity provider will not receive a \$20 credit. However, if a contra side order comes in for 10 bonds against the liquidity provider’s current posted order of 100 bonds, the liquidity provider will receive a credit of \$20 from the Exchange for that execution.

NYSE Bonds, which was implemented in April 2007, will continue to update its functionality to provide competitive bond trading for customers. The Exchange believes that this \$20 credit will continue to incentivize liquidity providers to display the best price available on NYSE Bonds.

Additionally, the Exchange seeks to clarify the language in the fee schedule by replacing the word “order” with “execution.” The Exchange is not billing liquidity takers on the orders but rather the executions of those orders. Accordingly, the Exchange has proposed to amend the fee schedule to clarify the current language in the fee schedule.

##### 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act<sup>5</sup> in general and furthers the objectives of Section 6(b)(4) of the Act<sup>6</sup> in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges among its members and other persons using its facilities.

#### 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 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

Because the foregoing rule change establishes or changes a due, fee, or other charge imposed by the Exchange, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>7</sup> and subparagraph (f)(2) of Rule 19b-4 thereunder.<sup>8</sup> 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 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 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](mailto:rule-comments@sec.gov). Please include File Number SR-NYSE-2008-136 on the subject line.

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>4</sup> 17 CFR 240.19b-4(f)(2).

<sup>5</sup> 15 U.S.C. 78f.

<sup>6</sup> 15 U.S.C. 78f(b)(4).

<sup>7</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>8</sup> 17 CFR 240.19b-4(f)(2).

### Paper Comments

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

All submissions should refer to File Number SR-NYSE-2008-136. 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, 100 F Street, NE., Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal office of 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-NYSE-2008-136 and should be submitted on or before January 28, 2009.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>9</sup>

**Florence E. Harmon,**

*Acting Secretary.*

[FR Doc. E9-3 Filed 1-6-09; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-59178; File No. SR-NYSE-2008-137]

### Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Extend the Pilot Program That Offers Liquidity Takers a Reduced Transaction Fee Structure for Certain Bond Trades Executed on the NYSE Bonds System

December 30, 2008.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on December 22, 2008, the New York Stock Exchange LLC ("NYSE" or the "Exchange") 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 NYSE. The Exchange has designated this proposal as one establishing or changing a due, fee, or other charge imposed by the Exchange under Section 19(b)(3)(A)(ii) of the Act<sup>3</sup> and Rule 19b-4(f)(2) thereunder,<sup>4</sup> which renders the proposal 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

The Exchange proposes to extend the pilot program that offers liquidity takers a reduced transaction fee structure for certain bond trades executed on the NYSE Bonds<sup>SM</sup> system ("NYSE Bonds") to December 31, 2009. The Exchange also seeks to make technical amendments to the fee schedule.

The text of the proposed rule change is available at NYSE, the Commission's Public Reference Room, and <http://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, NYSE 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 statements

may be examined at the places specified in Item IV below. NYSE 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

The Exchange proposes to extend the pilot program that offers liquidity takers a reduced transaction fee structure for certain bond trades executed on the NYSE Bonds<sup>SM</sup> system ("NYSE Bonds") to December 31, 2009.

The Exchange's pilot program reduces transaction fees charged to liquidity takers for transactions executed on NYSE Bonds with a staggered transaction fee schedule based on the number of bonds purchased or sold in excess of ten (10) bonds. Currently, the transaction fee for orders that take liquidity from the market is \$.50 per bond. This fee remains unchanged for orders up to ten (10) bonds. The extended fee filing pilot program provides for the following transaction fee schedule: (1) When the liquidity taker purchases or sells from one to ten (10) bonds, the Exchange will charge an execution fee of \$.50 per bond; (2) when the liquidity taker purchases or sells from eleven (11) to twenty-five (25) bonds, the Exchange will charge an execution fee of \$.20 per bond, and (3) when the liquidity taker purchases or sells twenty-six (26) bonds or more, the Exchange will charge an execution fee of \$.10 per bond.

For example, if a liquidity taker purchases or sells five (5) bonds, the Exchange will charge \$.50 per bond, or a total of \$2.50 for execution fees. If a liquidity taker purchases or sells twenty (20) bonds, the Exchange will charge \$.20 per bond or a total of \$4.00 for execution fees. If a liquidity taker purchases or sells thirty (30) bonds, the Exchange will charge \$.10 per bond or a total of \$3.00 for execution fees.

The Exchange will impose a \$100 execution fee cap per transaction.

Additionally, the Exchange seeks to clarify the language in the fee schedule by replacing the word "order" with "execution." The Exchange is not charging liquidity takers for these orders but rather will be charging for the executions of those orders. Accordingly, the Exchange has proposed to amend the fee schedule to clarify the current language in the fee schedule.

##### 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>4</sup> 17 CFR 240.19b-4(f)(2).

<sup>9</sup> 17 CFR 200.30-3(a)(12).