Mary Yeager
Assistant Secretary

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Nancy M. Morris, Esq.
Secretary
Securities and Exchange Commission
Station Place
100 F Street, NE
Washington, D.C. 20549-9303

Re: SR-NYSE-2006-98 – Response to Comment Letter ("Response")

Dear Ms. Morris:

The New York Stock Exchange LLC (the "Exchange" or "NYSE") is writing to respond to two letters[1] submitted in response to the Securities and Exchange Commission's (the "Commission" or "SEC") solicitation of comments in connection with SR-NYSE-2006-98 and Amendment No. 1 and No. 2 thereto ("the NYSE filing").[2]

As you know, in connection with its demutualization and merger with Archipelago Holdings, Inc. in March 2006, the Exchange created the concept of trading licenses that provide access to the trading facilities of the Exchange, both physical and electronic. To determine the price of a trading license for 2006, the Exchange conducted a "Dutch" auction in which it ultimately sold each trading license for $49,290 (not $42,290, as was incorrectly stated in the Lipari Letter). Based on feedback from many of our member organizations about the undesirability of using the "Dutch" auction process – an administrative burden for busy traders that also injects uncertainty into their business planning process – the Exchange is now proposing to charge a fixed price of $50,000 per trading license. The Exchange's proposed fixed fee of $50,000 for 2007 represents a minimally incremental increase over the price set by the auction less than a year ago. Indeed, if adjusted for inflation, the proposed fixed fee of $50,000 for 2007 is less than the 2006 auction price. And, in 2005, prior to the implementation of the "Dutch" auction,

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1 See letter from Junius W. Peake, Monfort Distinguished Professor of Finance, Kenneth W. Monfort College of Business, University of Northern Colorado, dated November 28, 2006 ("Peake Letter") and letter from Andrew Strobel, Chief Compliance Officer, Lipari Partners Inc., dated December 5, 2006 ("Lipari Letter").

2 See proposed rule filing and all corresponding amendments, Securities Exchange Act Release No. 54713 (November 11, 2006), 71 FR 66359 (November 14, 2006).

lease prices for Exchange seats ranged from $54,000 to $72,000, above the currently proposed $50,000 fixed price.

The trading license application process for 2007 is currently under way; to date, there has been robust demand for the trading licenses at the proposed fixed price and the Exchange expects to issue only slightly fewer licenses than it issued in 2006. The Exchange believes the healthy demand for licenses is evidence that the value of a trading license has not been diminished "because of" the merger with Archipelago, as is claimed in the Peake Letter. While the reduction in physical presence on the trading floor does highlight the increase in electronic execution of orders, the reduction has very little to do with the merger with Archipelago and much more to do with the Exchange's recent roll-out of its Hybrid Market initiative, which enables more electronic execution on the Exchange. The fluctuations in Exchange market share also illustrate that the Exchange does not have a monopoly over market access – if indeed it ever did – and that if the price of that access (i.e., $50,000 per trading license) is too high or unfair, market participants have demonstrated their ability to utilize other venues for order execution.

Moreover, the implication that the Exchange cannot set a fair price because of its profit motives does not bear out. The argument seems to be that in order to maximize profits from the sale of trading licenses, the Exchange is motivated to set the highest possible price for a trading license. However, this argument ignores that the Exchange has other very valuable sources of revenue, such as transaction fees. Attempts by the Exchange that result in a limit on access to the Exchange's trading facilities, such as through the imposition of a high trading license fee, would likely diminish the profitability of the Exchange.

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If you have any questions regarding the foregoing, please feel free to contact Janet Kissane, Vice President and Associate General Counsel, Office of the General Counsel.

Sincerely,