

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-56686; File No. SR-NYSE-2007-53)

October 23, 2007

Self-Regulatory Organizations; The New York Stock Exchange LLC; Notice of Filing of Proposed Rule Change, as Modified by Amendments No. 1 and 2 Thereto, to Amend NYSE Rule 342.13 (“Acceptability of Supervisors”)

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, 2007, The New York Stock Exchange LLC (“NYSE” or “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 substantially prepared by NYSE. On September 27, 2007, NYSE filed Amendment No. 1 to the proposed rule change.³ On October 15, 2007, NYSE filed Amendment No. 2 to the proposed rule change.⁴ The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

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

The Exchange is filing this proposed rule change to amend NYSE Rule 342.13 (“Acceptability of Supervisors”) to eliminate the current requirement in that rule that the General Securities Principal Examination (“Series 24 Examination”) be passed after July 1, 2001 in order to be recognized by the Exchange as an acceptable alternative to the General Securities Sales Supervisor Qualification Examination (“Series 9/10 Examination”).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Amendment No. 1 replaced and superseded the original filing in its entirety.

⁴ Amendment No. 2 replaced and superseded Amendment No. 1 in its entirety.

The text of the proposed rule change is available on NYSE's Web site (<http://www.nyse.com>), at NYSE, 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, 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

Rule 342 ("Offices – Approval, Supervision and Control") prescribes the Exchange's general supervisory requirements for member organizations. Among these requirements, Rule 342.13 ("Acceptability of Supervisors") prescribes the Exchange's qualification standards for personnel delegated supervisory responsibility. Prior to 2001, this provision provided, in part, that a person delegated supervisory responsibility must pass the General Securities Sales Supervisor Qualification Examination ("Series 9/10 Examination") or an historical equivalent (e.g., the Series 8 Examination).

In 2002, the Exchange amended Rule 342.13⁵ to recognize the National Association of Securities Dealers, Inc. ("NASD")'s⁶ General Securities Principal Examination ("Series 24 Examination"), if taken and passed after July 1, 2001, as an alternative to the Series 9/10

⁵ See Securities Exchange Act Release No. 46425 (August 28, 2002), 67 56863 (September 5, 2002) (SR-NYSE-2002-24).

⁶ NASD is now known as the Financial Industry Regulatory Authority, Inc. ("FINRA").

Examination requirement for persons whose duties do not include supervision of options or municipal securities sales activities.⁷ When proposing this amendment, the Exchange represented that NASD, as of July 2, 2001, had enhanced the Series 24 Examination by including test questions sufficient to provide appropriate coverage of the NYSE Rules. The Commission approved the proposed rule change on October 17, 2002.⁸

The Exchange is now proposing to amend Rule 342.13 to eliminate the requirement that the Series 24 Examination be passed after July 1, 2001 in order for it to be recognized by the Exchange as an acceptable alternative to the Series 9/10 Examination. The proposed amendment to Rule 342.13 would simply provide that “[t]he General Securities Principal Examination (Series 24) is an acceptable alternative for persons whose duties do not include the supervision of options or municipal securities sales activity.”⁹

The Exchange’s rationale for the proposed amendment is that persons who took the Series 24 Examination prior to July 1, 2001 have been subject to regulatory and firm element continuing education,¹⁰ which the Exchange believes provides ongoing practical training with respect to current regulatory requirements, including NYSE Rules, applicable to duties and responsibilities of those persons. Further, the NYSE and the NASD rulebooks have converged significantly in the last six years. Thus, the persons who took the Series 24 prior to July 1, 2001

⁷ The Series 24 Examination does not address these activities.

⁸ See Securities Exchange Act Release No. 46631 (October 9, 2002), 67 FR 64187 (October 17, 2002) (order approving SR-NYSE-2002-24). See also NYSE Information Memo 02-51 (November 12, 2002).

⁹ Prospectively, persons may continue to qualify to supervise options or municipal securities sales activity by taking and passing the Series 24 Examination and also taking and passing the Registered Options Principal (Series 4) and/or Municipal Securities Principal (Series 53) Examinations.

¹⁰ See NYSE Rule 345A.

have been subject to regulatory standards that have, to a large degree, been harmonized.¹¹

Therefore, the July 1, 2001 cut-off date is no longer necessary or appropriate as FINRA works towards achieving a single rulebook.

The proposed amendment is consistent with the Exchange's and FINRA's continuing Rule Harmonization Initiative¹² in that it would more closely align the requirements under Rule 342.13 with the corresponding supervisory requirements under FINRA's regulatory scheme.¹³

The purpose of the Rule Harmonization Initiative is to achieve, to the extent practicable, substantive harmonization of the two regulatory schemes in an effort to reduce regulatory duplication and streamline regulation of self-regulatory organizations.

2. Statutory Basis

The statutory basis for the proposed rule change is Section 6(b)(5) of the Act¹⁴ which requires, among other things, that the rules of an exchange be designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and

¹⁰ Convergence between the NYSE Rules and FINRA Rules has included, in part, standards relating to anti-money laundering, supervision, research and internal controls, etc.

¹² In anticipation of the approval of the NYSE- Archipelago Holdings, Inc. ("Arca") merger by the Commission, the Exchange agreed to initiate a comparison of its "non-unique" regulatory requirements to corresponding NASD regulatory provisions. See Exchange Act Release No. 53382 (February 27, 2006), 71 FR 11253 (March 6, 2006) (order approving SR-NYSE-2005-77 relating to the NYSE's Business Combination with Arca). See also the Exchange's recent "Omnibus Filing" with the Commission, Securities Exchange Act Release No. 56142 (July 26, 2007), 72 FR 42195 (SR-NYSE-2007-22). See also, the Report by the Exchange on the Process of Reconciling Inconsistent Rules (February 27, 2007).

¹³ See FINRA Rule 1022(a).

¹⁴ 15 U.S.C. 78f(b)(5).

open market and national market system and, in general, to protect investors and the public interest.

NYSE believes the proposed amendment would bring the NYSE regulatory scheme into greater harmony with that of FINRA, consistent with the goal of reducing regulatory duplication, by eliminating the requirement that the Series 24 Examination be passed after July 1, 2001 in order to be recognized by the Exchange as an acceptable alternative to the Series 9/10 Examination for persons whose duties do not include supervision of options or municipal securities sales activities.

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 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

While no comments were solicited or received in response to this filing, it is noted that the Commission received a comment letter in response to SR-NYSE-2007-41, which eliminated the Securities Manager Examination (Series 12).¹⁵ The comment letter raised the issue as to why July 1, 2001 is used as the starting point for recognition by the NYSE of the Series 24 Examination. As more fully discussed in the Purpose section of this filing, the proposed rule change responds to this issue by eliminating the date demarcation, since the Exchange believes it no longer serves a compelling regulatory purpose.

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

¹⁵ See Securities Exchange Act Release No. 55670 (April 25, 2007), 72 FR 24350 (May 2, 2007).

Within 35 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding, or (ii) as to which NYSE consents, the Commission will:

- (A) by order approve such proposed rule change, or
- (B) institute proceedings to determine whether the proposed rule change should be 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-NYSE-2007-53 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-2007-53. 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 10:00 am and 3:00 pm. Copies of such filing also will 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-NYSE-2007-53 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹⁶

Florence E. Harmon
Deputy Secretary

¹⁶ 17 CFR 200.30-3(a)(12).