



RULE
ADOPTION
NOTICE

RAN-06-20
April 18, 2006

TO: ETP Holders and Sponsored Participants

FROM: Department of Regulatory Policy

**SUBJECT: Clearly Erroneous Executions of Securities Issued in Initial
Public Offerings
(File No. SR-PCX-2006-12)**

On February 23, 2006, Pacific Exchange, Inc. (n/k/a NYSE Arca, Inc.) (“Exchange”) filed with the Securities and Exchange Commission (“Commission”) a proposal to amend NYSE Arca Equities Rule 7.10(e) in order to revise the procedures for trade nullifications (“busts”) and price adjustments (“adjusts”) for securities issued in initial public offerings (“IPOs”) from an automatic to a discretionary basis.

The proposed rule change was approved by the Commission on April 6, 2006. Questions regarding this bulletin may be directed to Melanie Grace at (415) 393-4135.

Changes to the rule text are shown below.

EXHIBIT 5
Text of the Proposed Rule Change:¹
Rules of the NYSE Arca Equities, Inc.

Rule 7

Clearly Erroneous Executions

Rule 7.10

(a) – (d) No Change.

¹

New text is underscored; deleted text is in brackets.

(e) Trade Nullification and Price Adjustments for UTP Securities that are Subject of Initial Public Offerings (“IPOs”). Pursuant to SEC Rule 12f-2, as amended, the Corporation may extend unlisted trading privileges to a security that is the subject of an initial public offering when at least one transaction in the subject security has been effected on the national securities exchange or association upon which the security is listed and the transaction has been reported pursuant to an effective transaction reporting plan. A clearly erroneous error [will] may be deemed to have occurred in the opening transaction of the subject security if the execution price of the opening transaction on the Corporation is the lesser of \$1.00 or 10% away from the opening price on the listing exchange or association. In such circumstances, the Officer shall declare the opening transaction null and void or adjust the transaction price to the opening price on the listing exchange or association. Clearly erroneous executions of subsequent transactions of the subject security will be reviewed in the same manner as the procedure set forth in (c)(1). Absent extraordinary circumstances, any such action of the Officer pursuant to this subsection (e) shall be taken in a timely fashion, generally within thirty (30) minutes of the detection of the erroneous transaction. Each party involved in the transaction shall be notified as soon as practicable by the Corporation, and the party aggrieved by the action may appeal such action to the NYSE Arca Equities CRO in accordance with the provisions of subsection (c)(2)-(4) above.