



**RULE
ADOPTION
NOTICE**

**RAN-06-24
May 18, 2006**

TO: All NYSE Arca OTP Holders and OTP Firms

FROM: Department of Regulatory Policy

**SUBJECT: \$1 Strike Pilot Program – Extension
(File No. SR-NYSEArca-2006-14)**

On May 8, 2006, the Exchange filed with the Securities and Exchange Commission NYSEArca-2006-14, a proposed rule change that extends the pilot program under which the Exchange lists options on selected stocks trading below \$20 at \$1 strike price intervals. The Pilot Program will now operate until June 5, 2007. The rule change was published by the Commission on May 15, 2006 and became effective upon filing.

The following is the text of the rule change. Questions regarding this bulletin may be directed to Arturo Hurtado at (415) 393-4067 or Glenn Gsell at (415) 835-4805.

Text of the Proposed Rule Change:¹

**Rules of
NYSE Arca, Inc.**

**Rule 6
Options Trading**

Series of Options Open for Trading

Rule 6.4(a) - (e) - No change.

Commentary .01 - .03 - No change.

.04 The Exchange may select a limited number of its listed options on individual stocks for which the interval of stock prices will be \$1.00 (“\$1 strike prices”)

¹ New text is underscored; deleted text is in brackets.

provided the strike price is \$20.00 or less, but not less than \$3. The listing of \$1 strike prices will be limited to options issues overlying no more than five (5) individual stocks (the "\$1 Strike Pilot Program") as specifically designated by the Exchange. The Exchange may list \$1 strike prices on any other option issues if those issues are specifically designated by other securities exchanges that employ a \$1 Strike Pilot Program under their respective rules. To be eligible for inclusion into the \$1 Strike Pilot Program, an underlying stock must close below \$20 in its primary market on the previous trading day. After a stock is added to the \$1 Strike Pilot Program, the Exchange may list \$1 strike prices from \$3 to \$20 that are no more than \$5 from the closing price of the underlying on the preceding day. For example, if the underlying stock closes at \$13, the Exchange may list strike prices from \$8 to \$18. The Exchange may not list series with \$1.00 intervals within \$0.50 of an existing \$2.50 strike price (e.g., \$12.50, \$17.50) in the same series, and may not list \$2.50 intervals (e.g. \$12.50, \$17.50) below \$20 under Commentary .03 of this Rule for any issue included within the \$1 Strike Pilot Program if the addition of \$2.50 intervals would cause the issue to have strike price intervals that are \$.50 apart. Additionally, the Exchange may not list long-term option series ("LEAPS") at \$1 strike price intervals for any option class selected for the \$1 Strike Pilot Program.

A stock shall remain in the \$1 Strike Pilot Program until otherwise designated by the Exchange. The \$1 Strike Pilot Program shall expire on June 5, [2006] 2007.

.05 - No change.

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