SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending Its Schedule of Fees and Charges for Exchange Services To Specify That Affiliated Exchange ETP Holders May Request That the Exchange Aggregate Its Eligible Activity With Activity of the ETP Holder’s Affiliates for Purposes of Charges or Credits Based on Volume

Correction

In Notice document 2015–07619 beginning on page 18270 in the issue of Friday, April 3, 2015, make the following correction:

On page 18270, in the third column, in the second paragraph from the bottom, the subject heading beginning “Self-Regulatory Organizations” should read as follows:

“Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending Its Schedule of Fees and Charges for Exchange Services to Specify that Affiliated Exchange ETP Holders May Request that the Exchange Aggregate Its Eligible Activity with Activity of the ETP Holder’s Affiliates for Purposes of Charges or Credits Based on Volume”

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SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; NYSE MKT, LLC; Notice of Filing of Proposed Rule Change Amending Rule 13—Equities and Related Rules Governing Order Types and Modifiers

April 8, 2015.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”) and Rule 19b–4 thereunder, notice is hereby given that on March 24, 2015, NYSE MKT LLC (the “Exchange” or “NYSE MKT”) 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 the self-regulatory organization. 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 amend Rule 13—Equities and related rules governing order types and modifiers. The text of the proposed rule change is available on the Exchange’s Web site at www.nyse.com, at the principal office of the Exchange, 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, the self-regulatory organization 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 those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

A. Self-Regulatory Organization’s Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

1. Purpose

On June 5, 2014, in a speech entitled “Enhancing Our Market Equity Structure,” Mary Jo White, Chair of the

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Notes:
Securities and Exchange Commission ("SEC" or the "Commission") requested the equity exchanges to conduct a comprehensive review of their order types and how they operate in practice, and as part of this review, consider appropriate rule changes to help clarify the nature of their order types.\(^4\) Subsequent to the Chair’s speech, the SEC’s Division of Trading and Markets requested that the equity exchanges complete their reviews and submit any proposed rule changes.\(^5\)

The Exchange notes that it continually assesses its rules governing order types and undertook on its own initiative a review of its rules related to order functionality to assure that its various order types, which have been adopted and amended over the years, accurately describe the functionality associated with those order types, and more specifically, how different order types may interact. As a result of that review, the Exchange submitted a proposed rule change to delete rules relating to functionality that was not available.\(^6\) In addition, over the years, when filing rule changes to adopt new functionality, the Exchange has used those filings as an opportunity to streamline related existing rule text for which functionality has not changed.\(^7\) The Exchange is filing this proposed rule change to continue with its efforts to review and clarify its rules governing order types, as appropriate. Specifically, the Exchange notes that Rule 13—Equities ("Rule 13") is currently structured alphabetically, and does not include subsection numbering. The Exchange proposes to provide additional clarity to Rule 13 by re-grouping and re-numbering current rule text and making other non-substantive, clarifying changes. The proposed rule changes are not intended to reflect changes to functionality but rather to clarify Rule 13 to make it easier to navigate.\(^8\) In addition, the Exchange proposes to amend certain rules to remove references to functionality that is no longer operative.

Proposed Rule 13 Restructure

The Exchange proposes to re-structure Rule 13 to re-group existing order types and modifiers together along functional lines.

Proposed new subsection (a) of Rule 13 would set forth the Exchange’s order types that are the foundation for all other order type instructions, i.e., the primary order types. The proposed primary order types would be:


- Limit Orders. Rule text governing Limit Orders would be moved to new Rule 13(a)(2). The Exchange proposes a non-substantive change to capitalize the term “Limit Order,” and to shorten the definition in a manner that streamlines the rule text without changing the meaning of the rule. The Exchange notes that it proposes to capitalize the term “Limit Order” throughout new Rule 13.

- Other Order Types. The Exchange notes that it proposes to delete the definitions of “Auto Ex Order” because orders entered electronically at the Exchange are eligible for automatic execution in accordance with Rules 1000–1004—Equities and therefore the Exchange does not believe that it needs to separately define an Auto Ex Order. Rather than maintain a separate definition, the Exchange proposes to specify in proposed Rule 13(a) that all orders entered electronically at the Exchange are eligible for automatic execution consistent with the terms of the order and Rules 1000–1004—Equities. The Exchange notes that Rule 13 currently provides for specified instructions for orders that may not execute on arrival, even if marketable, e.g., a Limit Order designated ALO, or may only be eligible to participate in an auction, accordingly, the terms of the order also control whether a marketable order would automatically execute upon arrival. The Exchange further proposes to specify that interest represented manually by Floor brokers, i.e., orally bid or offered at the point of sale on the Trading Floor, is not eligible for automatic execution. The Exchange notes that the order types currently specified in the definition for auto ex order are already separately defined in Rule 13 or Rule 70(a)(iii)—Equities (definition of G order).

Proposed new subsection (b) of Rule 13 would set forth the existing Time in Force Modifiers that the Exchange makes available for orders entered at the Exchange. The Exchange proposes to: (i) Move rule text governing Day Orders to new Rule 13(b)(1), without any substantive changes to the rule text; (ii) move rule text governing Good til Cancelled Orders to new Rule 13(b)(2), without any substantive changes to the rule text; and (iii) move rule text governing Immediate or Cancel Orders to new Rule 13(b)(3) without any changes to rule text. The Exchange notes that these time-in-force conditions are not separate order types, but rather are modifiers to orders. Accordingly, the Exchange proposes to re-classify them as modifiers and remove the references to the term “Order.” In addition, as noted above, the Exchange proposes to capitalize the term “Limit Order” in Rule 13(b).

Proposed new subsection (c) of Rule 13 would specify the Exchange’s existing Auction-Only Orders. In moving the rule text, the Exchange proposes the following non-substantive changes: (i) Capitalize the terms “Limit Order,” “CO Order,” and “Market Order”; (ii) move the rule text for CO Orders to new Rule 13(c)(1); (iii) rename a “Limit ‘At the Close’ Order” as a “Limit-on-Close (LOC) Order” and move the rule text the new Rule 13(c)(2); (iv) rename a “Limit ‘On the-Open’ Order” as a “Limit-on-Open (LOO) Order” and move the rule text to new Rule 13(c)(3); (v) rename a "Market ‘At the Close’ Order" as a "Market-on-Close (MOC) Order" and move the rule text to new Rule 13(c)(4); and (vi) rename a “Market ‘On the-Open’ Order” as a “Market-on-Open (MOO) Order” and move the rule text to new Rule 13(c)(5).

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\(^5\) See Letter from James Burns, Deputy Director, Division of Trading and Markets, Securities and Exchange Commission, to Jeffrey C. Sprecher, Chief Executive Officer, Intercontinental Exchange, Inc., dated June 20, 2014.


\(^7\) The Exchange notes that its affiliated exchanges, New York Stock Exchange LLC (“NYSE”) and NYSE Arca, Inc. are proposing similar restructuring of their respective order type rules to group order types and modifiers. See SR–NYSE–2015–15 and SR–NYSEArca–2015–08.

\(^8\) The Exchange proposes to replace the term “Display book” with the term “Exchange systems” when use of the term refers to the Exchange systems that receive and execute orders. The Exchange proposes to replace the term “Display Book” with the term “Exchange’s book” when use of the term refers to the interest that has been entered and ranked in Exchange systems.
Proposed new subsection (d) of Rule 13 would specify the Exchange’s existing orders that include instructions not to display all or a portion of the order. The order types proposed to be included in this new subsection are:

- Mid-point Passive Liquidity (“MPL”) Orders. Existing rule text governing MPL Orders would be moved to new Rule 13(d)(1) with non-substantive changes to capitalize the term “Limit Order” and hyphenate the term “Non-Displayed.” The Exchange proposes further non-substantive changes to the rule text governing Minimum Display Reserve Orders, which would be in new Rule 13(d)(2)(C), to clarify that a Minimum Display Reserve Order would participate in both automatic and manual executions. This is existing functionality relating to Minimum Display Reserve Orders and the proposed rule text aligns with Rule 70(f)(ii)—Equities governing Non-Displayed Reserve Orders.

The Exchange further proposes to make a substantive amendment to the rule text set forth in new Rule 13(d)(1)(E) to clarify the rule text by deleting the term “including” from the phrase “[a]n MPL Order is not eligible for manual executions, including openings, re-openings, and closings,” because MPL Orders would not participate in an opening, re-opening, or closing that is effectuated electronically.

The Exchange proposes to make non-substantive changes to capitalize the terms “Limit Order,” “Display Reserve eQuotes,” “Non-Displayed Reserve eQuotes,” and the ALO instructions would similarly be ignored, the Exchange proposes to clarify new Rule 13(e)(1)(A) to provide that Limit Orders designated ALO may participate in opens and closes, but that the ALO instructions would be ignored. Because Limit Orders designated ALO could also participate in re-openings, and the ALO instructions would similarly be ignored, the Exchange proposes to clarify new Rule 13(e)(1)(A) to provide that Limit Orders designated ALO may participate in opens and closes, but that the ALO instructions would be ignored.

- Do Not Ship (“DNS”) Orders. Existing rule text governing DNS Orders would be moved to new Rule 13(e)(2) with non-substantive changes to capitalize the term “Limit Order” and replace the reference to “Display Book” with a reference to “Exchange systems.”

Proposed new subsection (f) of Rule 13 would specify the Exchange’s other existing order instructions and modifiers, including:

- Do Not Reduce (“DNR”) Modifier. Existing rule text governing DNR Orders would be moved to new Rule 13(f)(1) with non-substantive changes to capitalize the terms “Limit Order” and “Stop Order.” In addition, the Exchange believes that because DNR instructions would be added to an order, DNR is more appropriately referred to as a modifier rather than as an order type.

- Do Not Increase (“DNI”) Modifiers. Existing rule text governing DNI Orders would be moved to new Rule 13(f)(2) with non-substantive changes to capitalize the terms “Limit Order” and “Stop Order.” In addition, the Exchange believes that because DNI instructions would be added to an order, DNI is more appropriately referred to as a modifier rather than as an order type.
Pegging Interest. Existing rule text governing Pegging Interest and related subsections would be moved to new Rule 13(f)(3) with two clarifying changes to the existing rule text. First, because Pegging Interest is currently available for e-Quotes and d-Quotes only, the Exchange proposes to replace the term “can” with the term “must” in new Rule 13(f)(3)(a)(i) to provide that Pegging Interest “must be an e-Quote or d-Quote.” Second, the Exchange proposes to delete reference to the term “Primary Pegging Interest,” because the Exchange has only one form of pegging interest.

Retail Modifiers. Existing rule text governing Retail Modifiers and related subsections would be moved to new Rule 13(f)(4) with non-substantive changes to update cross-references.

Self-Trade Prevention (“STP”) Modifier. Existing rule text governing STP Modifiers and related subsections would be moved to new Rule 13(f)(5) with non-substantive changes to capitalize the terms “Limit Orders,” “Market Orders,” and “Stop Orders” and hyphenate the term “Self-Trade Prevention.”

Sell “Plus”—Buy “Minus” Instructions. Existing rule text governing Sell “Plus”—Buy “Minus” Orders would be moved to new Rule 13(f)(6) with non-substantive changes to break the rule into subsections, capitalize the terms “Market Order,” “Limit Order,” and “Stop Order,” and replace the references to Display Book with references to Exchange systems. In addition, the Exchange proposes to reclassify this as an order instruction rather than as a separate order.

Stop Orders. Existing rule text governing Stop Orders would be moved to new Rule 13(f)(7) with non-substantive changes to break the rule into subsections, capitalize the term “Market Order,” and replace references to “Exchange’s automated order routing system” with references to “Exchange systems.”

The Exchange proposes to make conforming changes to Rule 501(d)(2)—Equities relating to the list of order types that are not accepted for trading in UTP Securities by: (i) Replacing the term “Market or Limit at the Close” with “MOC or LOC”; (ii) replacing the term “At the Opening or At the Opening Only (“OPG”)” with “MOO or LOO”; (iii) deleting the GTX Order reference, as an order instruction that the Exchange no longer accepts; and (iv) updating the subsection rule numbering accordingly.

As part of the proposed restructure of Rule 13, the Exchange proposes to move existing rule text in Rule 13 governing the definition of “Routing Broker” to Rule 17(c), without any change to the rule text. The Exchange believes that Rule 17—Equities is a more logical location for the definition of Routing Broker because Rule 17(c)—Equities governs the operations of Routing Brokers.

In addition, the Exchange proposes to delete existing rule text in Rule 13 governing Not Held Orders and add rule text relating to supplementary material .20 to Rule 13. Supplementary material .20 to Rule 13 reflects obligations that members have in handling customer orders. Because not held instructions are instructions from a customer to a member or member organization regarding the handling of an order, and do not relate to instructions accepted by Exchange systems for execution, the Exchange believes that references to not held instructions are better suited for this existing supplementary material.

Accordingly, the Exchange proposes to amend supplementary material .20 to Rule 13 to add that generally, an instruction that an order is “not held” refers to an unpriced, discretionary order voluntarily categorized as such by the customer and with respect to which the customer has granted the member or member organization price and time discretion. The Exchange believes that this proposed amendment aligns the definition of “not held” with guidance from the Financial Industry Regulatory Authority, Inc. (“FINRA”) and other markets regarding not held instructions. The Exchange notes that the existing Rule 13 text regarding how to mark a Not Held Order, e.g., “not held,” “disregard tape,” “take time,” etc., are outdated references regarding order marking between a customer and a member or member organization. All Exchange members and member organizations that receive customer orders are subject to Order Audit Trail System (“OATS”) obligations, consistent with Rule 7400—Equities Series and FINRA Rule 7400 Series, which require that order-handling instructions be documented in OATS. Among the order-handling instructions that can be captured in OATS is whether an order is not held. The Exchange believes that these OATS-related obligations now govern how a member or member organization records order-handling instructions from a customer and therefore the terms currently set forth in Rule 13 relating to Not Held Orders are no longer necessary.

Finally, the Exchange proposes to amend Rule 70.25—Equities governing d-Quotes to clarify that certain functionality set forth in the Rule is no longer available. Specifically, Rule 70.25(c)(ii)—Equities currently provides that a Floor broker may designate a maximum size of contra-side volume with which it is willing to trade using discretionary pricing instructions. Because this functionality is not available, the Exchange proposes to delete references to the maximum discretionary size parameter from Rules 70.25(c)(ii)—Equities and (c)(v)—Equities. In addition, the Exchange proposes to amend Rule 70.25(c)(iv)—Equities to clarify that the circumstances of when the Exchange would consider interest displayed by other market centers at the price at which a d-Quote may trade are not limited to determining when a d-Quote’s minimum or maximum size range is met. Accordingly, the Exchange proposes to delete the clause “when determining if the d-Quote’s minimum and/or maximum size range is met.” The Exchange believes that the proposed changes to Rule 70.25(c)—Equities will provide clarity and transparency regarding the existing functionality relating to d-Quotes at the Exchange.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Securities Exchange Act of 1934 (the “Act”), in general, and furthers the objectives of Section 6(b)(5), in particular, because it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to, and perfect the mechanism of, a free and open market and a national market system and, in

18 See FINRA Regulatory Notice 11-29, Answer 3 (June 2011) (“Generally, a ‘not held’ order is an unpriced, discretionary order voluntarily categorized as such by the customer and with respect to which the customer has granted the firm price and time discretion.”). See also Definition of Market Not Held Order on Nasdaq.com Glossary of Stock Market Terms, available at http://www.nasdaq.com/investing/glossary/m/market-not-held-order.


general, to protect investors and the public interest. Specifically, the Exchange believes that the proposed restructuring of Rule 13, to group existing order types to align by functionality, would remove impediments to and perfect the mechanism of a free and open market by ensuring that members, regulators, and the public can more easily navigate the Exchange’s rulebook and better understand the order types available for trading on the Exchange. In addition, the Exchange believes that the proposed revisions to Rule 13 and related conforming changes to Rule 501(d)(2)—Equities promote clarity regarding existing functionality that has been approved in prior rule filings, but which may not have been codified in rule text. Moreover, the Exchange believes that moving rule text defining a Routing Broker to Rule 17—Equities represents a more logical location for such definition, thereby making it easier for market participants to navigate Exchange rules. Likewise, the Exchange believes the proposed changes to “Not Held Order,” to move it to supplementary material .20 to Rule 13 and revise the rule text to conform with guidance from FINRA and OATS requirements, would remove impediments to and perfect the mechanism of a free and open market and a national market system by applying a uniform definition of not held instructions across multiple markets, thereby reducing the potential for confusion regarding the meaning of not held instructions.

The Exchange further believes that the proposed amendment regarding MPL Orders to reject both MPL Orders with an MTV larger than the size of the order and instructions to partially cancel an MPL Order that would result in an MTV larger than the size of the order would remove impediments to and perfect the mechanism of a free and open market and national market system in general because it could potentially reduce the ability of a member organization from using MPL Orders to bypass contra-side interest that may be larger than the size of the MPL Order.

Finally, the Exchange believes that the proposed changes to Rule 70.25(c)—Equities would remove impediments to and perfect the mechanism of a free and open market and national market system in general because it assures that the Exchange’s rules align with the existing functionality available at the Exchange for d-Quotes.

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 the purposes of the Act. The proposed change is not designed to address any competitive issue but rather would re-structure Rule 13 and remove rule text that relates to functionality that is no longer operative, thereby reducing confusion and making the Exchange’s rules easier to navigate.

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

Within 45 days of the date of publication of this notice in the Federal Register or up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate, and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve or disapprove the 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 email to rule-comments@sec.gov. Please include File Number SR–NYSEMKT–2015–22 on the subject line.

Paper Comments

• Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549–1090.

All submissions should refer to File Number SR–NYSEMKT–2015–22 and should be submitted on or before May 5, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority. Brent J. Fields.

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SEcurities AND ExCHANGE COMMISSION


Self-Regulatory Organizations; ICE Clear Credit LLC; Notice of Filing of Proposed Rule Change Related to Settlement Finality

April 8, 2015.

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 April 1, 2015, ICE Clear Credit LLC (“ICC”) 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 primarily by ICC. The Commission is publishing this

22 See supra nn. 13–18.