SEcurities and EXchange COMMISSION


Self-Regulatory Organizations; New York Stock Exchange LLC; NYSE MKT LLC; Order Granting an Extension to Limited Exemptions From Rule 612(c) of Regulation NMS in Connection With the Exchanges' Retail Liquidity Programs Until December 31, 2017

June 5, 2017.

On July 3, 2012, the Securities and Exchange Commission (“Commission”) issued an order pursuant to its authority under Rule 612(c) of Regulation NMS (“Sub-Penny Rule”) 1 that granted the New York Stock Exchange LLC (“NYSE”) and NYSE MKT LLC 2 (“NYSE MKT”) and, together with NYSE, the “Exchanges”) limited exemptions from the Sub-Penny Rule in connection with the operation of the Exchanges’ respective Retail Liquidity Programs (“Programs”). 3 The limited exemptions were granted concurrently with the Commission’s approval of the Exchanges’ proposals to adopt their respective Programs for one-year pilot terms. 4 The exemptions were granted coterminous with the effectiveness of the pilot Programs; both the pilot Programs and exemptions are scheduled to expire on June 30, 2017.5

The Exchanges now seek to extend the exemptions until June 30, 2017.6 The Exchanges’ request was made in conjunction with immediately effective filings that extend the operation of the Programs through the same date. In their request to extend the exemptions, the Exchanges note that the participation in the Programs has increased more recently. Accordingly, the Exchanges have asked for additional time to allow themselves and the Commission to analyze more robust data concerning the Programs, which the Exchanges committed to provide to the Commission.7 For this reason and the reasons stated in the Order originally granting the limited exemptions, the Commission finds that extending the exemptions, pursuant to its authority under Rule 612(c) of Regulation NMS, is appropriate in the public interest and consistent with the protection of investors.

Therefore, it is hereby ordered that, pursuant to Rule 612(c) of Regulation NMS, each Exchange is granted a limited exemption from Rule 612 of Regulation NMS that allows it to accept and rank orders priced equal to or greater than $1.00 per share in increments of $0.001, in connection with the operation of its Retail Liquidity Program, until December 31, 2017.

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The limited and temporary exemptions extended by this Order are subject to modification or revocation if at any time the Commission determines that such action is necessary or appropriate in furtherance of the purposes of the Securities Exchange Act of 1934. Responsibility for compliance with any applicable provisions of the Federal securities laws must rest with the persons relying on the exemptions that are the subject of this Order.

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

Robert W. Errett,  
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend the Exchange’s Fees at Rule 7046

June 5, 2017.

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 May 23, 2017, The NASDAQ Stock Market LLC (“NASDAQ” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. 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 the Exchange’s fees at Rule 7046 to: (i) Introduce a new fee structure that would allow members to sponsor their customers to receive Nasdaq Trading Insights for a $1,000 per month sponsorship fee to be paid by the member, and fees based on the number of ports to be paid by the sponsored firm; and (ii) extend a free trial offer period from 14 to 30 days.

Nasdaq Trading Insights

Nasdaq Trading Insights is an optional market data service that employs advanced analytics and machine learning to analyze order activity. It is comprised of three active market data components: (a) Missed Opportunity—Liquidity; (b) Missed Opportunity—Latency; and (c) Peer Benchmarking. The initial filing for this product had also proposed a fourth component—a Liquidity Dynamics Analysis—which, as reported in a prior filing,3 has been delayed in development.

The Missed Opportunity—Liquidity component identifies when an order from a market participant could have been increased in size, resulting in the execution of additional shares. This component is designed to provide information to a market participant interested in gaining insight into hidden pockets of liquidity.

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

In its filing with the Commission, the Exchange 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. The Exchange 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

The purpose of the proposed rule change is to amend the Exchange’s fees at Rule 7046 to: (i) Introduce a new fee structure that would allow members to sponsor their customers to receive Nasdaq Trading Insights for a $1,000 per month sponsorship fee to be paid by the member, and fees based on the number of ports to be paid by the sponsored firm; and (ii) extend a free trial offer period from 14 to 30 days.

B. NASD Rule Change

The Exchange proposes two changes to the Trading Insights product: (i) Introduce a new fee structure that would allow members to sponsor their customers to receive Nasdaq Trading Insights for a $1,000 per month sponsorship fee to be paid by the member, and fees based on the number of ports to be paid by the sponsored firm; and (ii) extend a free trial offer period from 14 to 30 days.

C. NASDAQ Rule Change

The Exchange proposes to introduce a new fee structure that would allow members to sponsor an unlimited number of their customers to obtain access to Trading Insights’ analytics for a $1,000 per month sponsorship fee to

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4 A port is a means by which a member firm connects to Nasdaq’s systems.