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August 2, 2013

U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090
Attention: Elizabeth M. Murphy, Secretary

Re: Notice of Filing of Proposed Rule Change Amending Rule 965NY, Which Governs NDX and RUT Combination Orders (Release No.34-69919; File No. SR-NYSEMKT-2013-59)

Dear Ms. Murphy:

Casey Securities, LLC ("Casey") appreciates the opportunity to comment on the above-referenced proposal of NYSE MKT LLC ("MKT"). Specifically, the Commission has asked for feedback on 11 questions. The Firm's comments are in line below.

1. *Under current rules, the NDX and RUT combination orders, as described above, could not be executed at a price that would result in any underlying option leg trading through a contemporaneous resting order for that option. Do commenters believe this restriction impedes trading of such combination orders? If not, why not?*

Yes, this restriction can impede trading of combination orders. As described by MKT in the above-referenced filing, there are instances when, by the time a customer has been found and both parties are ready to trade, the market has moved in such a way that consummating the trade would create a trade-through of a protected quote, and the trade then must either be canceled; adjusted; or moved to the futures market.

2. *If so, what is the nature of the impediment? Would the proposed provision of a two-hour look-back window mitigate this impediment? If so, why?*

Market movements between the time of the initial quote and the time of trade consummation would mean that the execution of this type of combination trade would result in violation of the trade-through rules. When this occurs, the broker must then either cancel, adjust or alter the venue for the transaction, which leads to a poor outcome for clients.

A two-hour look-back would indeed mitigate this impediment, as it would allow for execution in instances where the combination is in-line with the market *at the time of the initial quote*, even though quotes for one of the legs may move such that the leg is outside of the market by the time both parties are able to consummate the transaction.

3. *During any look-back window, prices of underlying option legs may change as a result of changing buy or sell pressure for any given option, competition among market participants, changes in views of implied volatility of any option, or changes in the NDX and RUT indices*

themselves. Does the efficacy of the proposed rule change depend on why the bid and offer prices for the underlying legs have moved during the look-back window?

No. As long as the original quotes were in-line with the market at a specific point in time during the look-back period, the reason for price movements at a later time should not be material.

The important aspect to consider is that these kinds of combination orders, if they could be executable immediately (when the initial quote was received), *would be* in line with all quotes, and no trade-through issues would exist. But the options market is an extremely fast-moving environment where many factors can lead to constant and continual quote and execution changes, including order imbalance pressures, implied volatility, competitive quotes and especially changes to the underlying instruments when considering active indices. When all of these factors are taken into account and then juxtaposed against the difficulties of consummating combination orders in active index derivatives (such as RUT and NDX), Casey believes that a look-back window is a fair solution – especially considering the alternative simplistic trade-through prohibition that better applies to other types of trading and executions.

Because these NDX and RUT spreads and combination orders are so much more difficult to complete, these kinds of orders need to be dealt with separately from other options transactions where the consummation can occur almost simultaneously with the current quotes, and where the current contemporaneous trade-through rules make sense.

4. *What would be the impact of a contemporaneous trade-through on market participants who provide liquidity in the underlying leg options? Would knowing that they can be traded through as a result of the NDX and RUT combination orders cause them to change the way they quote for the underlying options? Are there any negative implications regarding the provision of liquidity in the underlying options? If so, would the proposed two-hour look-back window mitigate these effects?*

Casey believes that the impact of a contemporaneous trade-through would be negligible. Comparable trade-though exceptions currently exist in equities markets for certain block and contingent trades without negative impact on liquidity. Market participants generally understand that these trade-throughs are not indicative of the real market, and thus they do not have an adverse impact on quote size or spread width.

5. *Do commenters believe that there is currently insufficient information to fully inform the implications of this proposed rule, and that a decision should be made only after a pilot period?*

While the above-referenced analogies in the equities markets could be considered as appropriate evidence and justification for a decision to allow for these rule changes to be approved, Casey would be supportive of a pilot period as a prudent first step in the process.

6. *If so, what type of data should be collected during the pilot period? What type of analyses could be performed on such data that could more fully inform market participants and regulators regarding the nature of the proposed rule? Are there specific criteria that would suggest the changes were either net positive or net negative to the markets?*

Casey suggests collection of data regarding the volume of NDX and RUT combination trades executed both before and after the rule change, and well as data regarding the available liquidity and spread sizes in the individual legs of the combinations. There may also be opportunities to examine prior instances of trade-throughs involving NDX and RUT spreads and combination trades to determine what, if any impact the trades had on the markets when those occurred.

7. *Do commenters believe that market participants consider NDX combination orders traded on NYSE MKT and spreads or combinations in Nasdaq 100 Index futures traded on CME to be substitutes for each other for purposes of hedging NDX positions? Do commenters believe that Market participants consider RUT combination orders traded on NYSE MKT and spreads or combinations in Russell 2000 Index futures traded on ICE to be substitutes for each other for purposes of hedging RUT positions? If so, provide examples of the Nasdaq 100 and Russell 2000 Index futures strategies with which NDX and RUT combination orders may compete.*

Yes, Casey believes, based on conversations with its customers, that market participants consider NDX and RUT spreads and combination orders to be equivalent to Nasdaq 100 Index futures and Russell 2000 Index futures respectively.

8. *Do commenters believe that NYSE MKT's current rules for trading NDX and RUT combination orders make NDX and RUT options listed on NYSE MKT less attractive than Nasdaq 100 Index and Russell 2000 Index futures traded as spreads or combinations on CME and ICE, respectively, as a means for hedging Nasdaq 100 Index and Russell 2000 Index exposure? If so, why? If not, why not?*

Yes, Casey believes that the current rules for trading NDX and RUT combination orders make trading these kinds of orders less attractive for its clients than trading the NASDAQ 100 Index and the Russell 200 Index futures on the CME and ICE respectively. In cases where combination orders are likely to be blocked due to market movement, we have been told on many occasions that our market participant clients find the futures contracts more attractive due to ease of execution.

9. *Please provide data, if available, about any preference you believe exists for market participants to use Nasdaq 100 Index and Russell 2000 Index futures combination orders traded on CME and ICE, respectively, over NDX and RUT combination orders traded on NYSE MKT.*

The Firm is not in possession of this type of data.

10. *Do commenters believe that the proposed pilot program will make the trading of NDX and RUT combination orders more competitive with the trading of delta-hedged options strategies using CME's Nasdaq 100Index futures and ICE's Russell 2000 Index futures, respectively, and combinations of options on those futures and, if so, why?*

Yes, for all of the reasons stated above. In Casey's view, there are many valid objective reasons to conduct a pilot program so that NYSE MKT can monitor and study the market impact and competitive effects of allowing for a look-back period for NDX and RUT combination orders. The fact that competitive delta-hedged options strategies are widely used today in other markets, and the fact that Casey's clients have indicated that using alternative markets is their preference due to the difficulties that the current rules create in the NYSE MKT speaks to a need to at least allow a pilot to study the impact.

11. *Do commenters believe that the ability of an ATP Holder executing an NDX or RUT combination order to look back two hours to price some or all of the legs of the NDX or RUT combination order, as provided in the proposed pilot program, will affect the willingness of other market participants to trade with the NDX or RUT combination order? If so, how?*

Casey believes that the allowance of a look-back will have a nominal effect on the willingness of other market participants to trade with these combination orders. As stated earlier, similar practices already exist in the equities markets where all market participants have absorbed the alternative rules for large and complex orders, yet the participants continue to interact in meaningful ways without disruption to the overall market. And the fact that competitive futures markets such as the CME and ICE have been able to attract these orders away and to provide alternative favorable execution facilities also speaks to their own market participants' willingness to factor in alternative complexity as one component of a complete healthy market. Casey believes that it would only be reasonable and prudent for NYSE MKT to conduct a pilot as proposed, so that it has the ability to examine the impact in its own marketplace.

Casey also agrees with MKT's assertion that the proposed pilot program will tighten spreads, because it will lock in hedge prices and will remove the possibility that market participants will have to find their hedge on a different market. Casey also believes that this approach has the potential to create a higher degree of liquidity, which may thus provide increased favorable market activity for all types of orders. Casey is in favor of making securities markets competitive with futures markets, and as such supports the approval of the above-referenced proposal.

Sincerely,

David Spack
Chief Compliance Officer