

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-70794; File No. SR-CTA-2013-05)

October 31, 2013

Consolidated Tape Association; Order Approving the Eighteenth Substantive Amendment to the Second Restatement of the CTA Plan

I. Introduction

On September 9, 2013, the Consolidated Tape Association (“CTA”) Plan participants (“Participants”)¹ filed with the Securities and Exchange Commission (“Commission”) pursuant to Section 11A of the Securities Exchange Act of 1934 (“Act”),² and Rule 608 thereunder,³ a proposal to amend the Second Restatement of the CTA Plan (“CTA Plan”).⁴ The proposal represents the eighteenth substantive amendment to the CTA Plan (“Amendment”) and reflects changes unanimously adopted by the Participants. The Amendment was published for comment in the Federal Register on September 23, 2013.⁵ No comment letters were received in response to the Notice. The Amendment would require that odd-lot transactions be reported to the

¹ Each participant executed the proposed amendment. The Participants are: BATS Exchange, Inc., BATS-Y Exchange, Inc., Chicago Board Options Exchange, Incorporated, Chicago Stock Exchange, Inc., EDGA Exchange, Inc., EDGX Exchange, Inc., Financial Industry Regulatory Authority, Inc., International Securities Exchange, LLC, NASDAQ OMX BX, Inc., NASDAQ OMX PHLX, Inc., Nasdaq Stock Market LLC, National Stock Exchange, New York Stock Exchange LLC, NYSE MKT LLC, and NYSE Arca, Inc.

² 15 U.S.C. 78k-1.

³ 17 CFR 242.608.

⁴ See Securities Exchange Act Release No. 10787 (May 10, 1974), 39 FR 17799 (declaring the CTA Plan effective). The CTA Plan, pursuant to which markets collect and disseminate last sale price information for non-NASDAQ listed securities, is a “transaction reporting plan” under Rule 601 under the Act, 17 CFR 242.601, and a “national market system plan” under Rule 608 under the Act, 17 CFR 242.608.

⁵ See Securities Exchange Act Release No. 70428 (September 17, 2013), 78 FR 58362 (“Notice”).

consolidated tape. The Plan was amended to remove odd-lots from the list of transactions that are not to be reported for inclusion on the consolidated tape. This order approves the Amendment to the CTA Plan.

II. Description of the Proposal

Currently, Section VIII(a) (Responsibility of Exchange Participants) of the CTA Plan provides that each Participant will “collect and report to the Processor all last sale price information to be reported by it relating to transactions in Eligible Securities taking place on its floor.” However, Section VI(d) (Transactions not reported (related messages)) provides a list of transactions that “are not to be reported for inclusion on the consolidated tape.” That list includes odd-lot transactions. According to the Participants, “because odd-lot transactions account for a not insignificant percentage of trading volume, the Participants have determined that including odd-lot transactions on the consolidated tape of CTA last sale prices would add post-trade transparency to the marketplace.”⁶ Accordingly, the Amendment proposes to add odd-lot transactions to the consolidated tape by removing them from Section VI(d)’s list of transactions that are not to be reported for inclusion on the consolidated tape.

Due to the lack of economic significance of many individual odd-lot orders, the Participants did not propose to include bids and offers for odd-lots in the best bid and best offer calculations that the Participants make available under the Consolidated Quotation Plan. Additionally, the Participants did not propose to include odd-lot transactions in calculations of last sale prices. Therefore, odd-lot transactions would not be included in calculations of high and low prices and would not be subject to the Limit Up-Limit Down Plan⁷ (i.e., the National Market

⁶ Id. at 58363.

⁷ See Securities Exchange Act Release No. 67091, 77 FR 33498 (June 6, 2012) (File No. 4-

System Plan to Address Extraordinary Market Volatility). Moreover, including odd-lot transactions on the consolidated tape would not trigger short sale restrictions or trading halts. However, odd-lot transactions would be included in calculations of daily consolidated volume.

For purposes of allocating revenue among the Participants under the CTA Plan, the Participants would include odd-lot transactions in the Security Income Allocation for each Eligible Security under Section XII(a)(ii) (Security Income Allocation) of the CTA plan. Just as with round lot transactions, an odd-lot transaction with a dollar value of \$5000 or more would constitute one qualified transaction report and an odd-lot transaction with a dollar value of less than \$5000 would constitute a fraction of a qualified transaction report that equals the dollar value of the transaction report divided by \$5000. The Participants do not anticipate that this would produce a significant shift in revenue allocation among the Participants. According to the Participants, this treatment of odd-lot transactions for revenue allocation purposes does not require a change to the language of the CTA Plan.

III. Discussion and Commission's Findings

After careful review, the Commission finds that the Amendment to the CTA Plan is consistent with the requirements of the Act and the rules and regulations thereunder,⁸ and, in particular, Section 11A(a)(1)(C)(iii) of the Act⁹ and Rule 608 thereunder¹⁰ in that it is in the public interest and appropriate for the protection of investors and the maintenance of fair and orderly markets to assure the availability to brokers, dealers, and investors of information with

631) (the Limit Up-Limit Down Plan, as originally approved).

⁸ In approving the Amendment, the Commission has considered the proposed Amendment's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁹ 15 U.S.C. 78k-1(a)(1)(C)(iii).

¹⁰ 17 CFR 240.608.

respect to transactions in securities. As the Participants stated in the proposal, odd-lot transactions comprise a noteworthy percentage of total trading volume. Thus, including odd-lot transactions on the consolidated tape will enhance post-trade transparency, as well as price discovery, and consequently would further the goals of the Act. The Commission believes that information about odd-lot transactions would provide important information to investors and other market participants and therefore represents a positive development in the provision of market data.

IV. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 11A of the Act,¹¹ and the rules thereunder, that the proposed amendment to the CTA Plan (SR-CTA-2013-05), be, and hereby is approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹²

Kevin M. O’Neill
Deputy Secretary

¹¹ 15 U.S.C. 78k-1.

¹² 17 CFR 200.30-3(a)(27).