

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-70793; File No. S7-24-89)

October 31, 2013

Joint Industry Plan; Order Approving Amendment No. 30 to the Joint Self-Regulatory Organization Plan Governing the Collection, Consolidation and Dissemination of Quotation and Transaction Information for Nasdaq-Listed Securities Traded on Exchanges on an Unlisted Trading Privileges Basis Submitted by the 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 LLC, Nasdaq Stock Market LLC, National Stock Exchange, Inc., New York Stock Exchange LLC, NYSE MKT LLC, and NYSE Arca, Inc.

I. Introduction

On September 9, 2013, the operating committee (“Operating Committee” or “Committee”)¹ of the Joint Self-Regulatory Organization Plan Governing the Collection, Consolidation, and Dissemination of Quotation and Transaction Information for Nasdaq-Listed Securities Traded on Exchanges on an Unlisted Trading Privilege Basis (“Nasdaq/UTP Plan” or “Plan”) 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 Plan.⁴ The proposal represents Amendment No. 30 to the Plan (“Amendment”) and

¹ The Plan Participants (collectively, “Participants”) are the: 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 LLC; Nasdaq Stock Market LLC; National Stock Exchange, Inc.; New York Stock Exchange LLC; NYSE MKT LLC; and NYSE Arca, Inc. Each participant executed the proposed amendment.

² 15 U.S.C. 78k-1.

³ 17 CFR 242.608.

⁴ The Plan governs the collection, processing, and dissemination on a consolidated basis of quotation information and transaction reports in Eligible Securities for each of its Participants. This consolidated information informs investors of the current quotation and

reflects changes unanimously adopted by the Participants.⁵ The Amendment was published for comment in the Federal Register on September 23, 2013.⁶ No comment letters were received in response to the Notice. The Amendment would require that odd-lot transactions be reported to the 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 Plan.

II. Description of the Proposal

Currently, Section XIII(B) (Transaction Reports) of the Nasdaq/UTP Plan provides that “Each Participant shall, during the time it is open for trading, be responsible promptly to collect and transmit to the Processor Transaction Reports in Eligible Securities executed in its Market by means prescribed herein.” However, that section also 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 Nasdaq/UTP last sale prices would add post-trade

recent trade prices of Nasdaq securities. It enables investors to ascertain from one data source the current prices in all the markets trading Nasdaq securities. The Plan serves as the required transaction reporting plan for its Participants, which is a prerequisite for their trading Eligible Securities. See Securities Exchange Act Release No. 55647 (April 19, 2007), 72 FR 20891 (April 26, 2007).

⁵ The proposal was originally designated as Amendment No. 31. See Letter from Thomas P. Knorring, Chairman, Nasdaq/UTP Plan Operating Committee to Elizabeth M. Murphy, Secretary, Commission, dated September 9, 2013. On September 17, 2013, the Participants filed a letter to re-designate the proposal as Amendment No. 30 and to correct a marking error in the Plan language. See Letter from Thomas P. Knorring, Chairman, Nasdaq/UTP Plan Operating Committee to Katherine A. England, Assistant Director, Division of Trading and Markets, Commission, dated September 17, 2013.

⁶ See Securities Exchange Act Release No. 70429 (September 17, 2013), 78 FR 58352 (“Notice”).

transparency to the marketplace.”⁷ Accordingly, the Amendment proposes to add odd-lot transactions to the consolidated tape by removing them from Section XIII(B)’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 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 Plan⁸ (i.e., the National Market 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 Nasdaq/UTP Plan, the Participants would include odd-lot transactions in the Security Income Allocation for each Eligible Security under Paragraph 2 (Security Income Allocation) of Exhibit 1 to the Nasdaq/UTP 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 Exhibit 1 to the Nasdaq/UTP Plan.

⁷ Id. at 58362.

⁸ See Securities Exchange Act Release No. 67091, 77 FR 33498 (June 6, 2012) (File No. 4-631) (the Limit Up-Limit Down Plan, as originally approved).

III. Discussion and Commission's Findings

After careful review, the Commission finds that the Amendment to the Nasdaq/UTP Plan is consistent with the requirements of the Act and the rules and regulations thereunder,⁹ and, in particular, Section 11A(a)(1)(C)(iii) of the Act¹⁰ and Rule 608 thereunder¹¹ 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 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.

⁹ 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).

¹⁰ 15 U.S.C. 78k-1(a)(1)(C)(iii).

¹¹ 17 CFR 240.608.

IV. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 11A of the Act,¹² and the rules thereunder, that the proposed amendment to the Nasdaq/UTP Plan (S7-24-89), be, and hereby is approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹³

Kevin M. O'Neill
Deputy Secretary

¹² 15 U.S.C. 78k-1.

¹³ 17 CFR 200.30-3(a)(27).