

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-71215; File No. SR-NYSE-2013-82)

December 31, 2013

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending its Price List Related to Fees for Trading Licenses and to Delete Obsolete Text

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that, on December 18, 2013, New York Stock Exchange LLC (“NYSE” or “Exchange”) 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 amending [sic] its Price List related to fees for trading licenses and to delete obsolete text. The Exchange proposes to implement the Price List change immediately. The text of the proposed rule change is available on the Exchange’s website at [www.nyse.com](http://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

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<sup>1</sup> 15 U.S.C.78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

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

The Exchange proposes to amend its Price List related to fees for trading licenses and to delete obsolete text. The Exchange proposes to implement the Price List change immediately.

NYSE Rule 300(b) provides that, in each annual offering, up to 1,366 trading licenses for the following calendar year will be sold annually at a price per trading license to be established each year by the Exchange pursuant to a rule filing submitted to the Securities and Exchange Commission ("Commission") and that the price per trading license will be published each year in the Exchange's Price List. The trading license fees for 2013 are \$40,000 per trading license for the first two licenses held by a member organization and \$25,000 for each additional trading license. For trading licenses issued after January 1, 2013, fees are prorated for the portion of the calendar year that the trading license is outstanding.<sup>3</sup>

If, however, a member organization is issued additional trading licenses between July 1, 2013 and December 31, 2013, and the total number of trading licenses held by the member organization between July 1, 2013 and December 31, 2013 is greater than the total number of trading licenses held by the member organization on July 1, 2013, then the member organization is not charged a prorated fee for the period from July 3, 2013 to December 31, 2013 for those

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<sup>3</sup> For a trading license that is in place for 15 calendar days or less in a calendar month, proration for that month would be at a flat rate of \$100 per day with no tier pricing involved. For a trading license that is in place for 16 calendar days or more in a calendar month, proration for that month would be computed based on the number of days as applied to the applicable annual fee for the trading license. See Price List at current n. 16.

additional trading licenses above the number the member organization held on July 1, 2013.<sup>4</sup> If a firm becomes a member organization after July 1, 2013, the firm is assigned a baseline of one trading license and charged a prorated fee for that license. Any trading licenses in addition to the first trading license are not charged a prorated fee for the period from July 3, 2013 to December 31, 2013. If a member organization merges with another member organization on or after July 1, 2013, the total combined number of trading licenses held by each member organization on July 1, 2013 is considered the baseline number of trading licenses for the successor member organization as of the date of the merger.

For 2014, the Exchange proposes to extend the fee relief for additional licenses until December 31, 2014. As a result, an annual fee would not apply to the number of trading licenses issued to a member organization between July 3, 2013 and December 31, 2014 that exceeds the total number of trading licenses held by the member organization on July 1, 2013. The Exchange proposes to maintain July 1, 2013 as the baseline date so that a consistent point in time would be used to determine how many trading licenses for which a member organization would be charged. The fee calculation for new or merged member organizations would also be extended. Thus, for any firm that becomes a member organization after July 1, 2013, the firm would be considered to have one trading license as of July 1, 2013 and charged a fee for that one license through December 31, 2014. For example, if a firm became a member organization on November 1, 2013, it would pay a prorated fee for one license until December 31, 2013 (\$6,666) and then, under the current rates, pay \$40,000 for 2014. If a firm becomes a member organization on March 1, 2014, it would pay a prorated fee under current rates for one license for the remainder of 2014 (\$33,334). If a member organization merges with another member

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<sup>4</sup> See Securities Exchange Act Release No. 69992 (July 16, 2013), 78 FR 43947 (July 22, 2013) (SR-NYSE-2013-51). See also Price List at current n. 16.

organization on or after July 1, 2013, the total combined number of trading licenses held by each member organization on July 1, 2013 would be considered the baseline number of trading licenses for the successor member organization as of the date of the merger through December 31, 2014.

Footnote 15 in the Price List currently provides that Floor brokers will receive a monthly credit of \$2,000 for the first two Floor broker licenses held by a member organization and a monthly credit of \$500 for each additional Floor broker license held by a member organization for November and December 2012. Additionally, the Price List currently includes a section pertaining to the New York Block Exchange (“NYBX”), which was an electronic exchange facility that ceased operating on February 28, 2013.<sup>5</sup> The Exchange proposes to delete this text because it is obsolete.<sup>6</sup>

The proposed change is not otherwise intended to address any other issues and the Exchange is not aware of any problems that members or member organizations would have in complying with the proposed change.

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,<sup>7</sup> in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,<sup>8</sup> in particular, because it provides for the equitable allocation of reasonable dues, fees, and other charges among its members, issuers and other persons using its facilities and does not unfairly discriminate between customers, issuers, brokers or dealers.

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<sup>5</sup> See Securities Exchange Act Release No. 68861 (February 7, 2013), 78 FR 10226 (February 13, 2013) (SR-NYSE-2013-12).

<sup>6</sup> The Exchange would renumber current footnote 16 as new footnote 15.

<sup>7</sup> 15 U.S.C. 78f(b).

<sup>8</sup> 15 U.S.C. 78f(b)(4) and (5).

The Exchange believes that the proposed change is reasonable because maintaining fee relief for the number of trading licenses that exceeds the total number of trading licenses held by the member organization on July 1, 2013 would continue to encourage member organizations to hold additional trading licenses, which would increase the number of market participants trading on the floor of the Exchange, thereby promoting liquidity, price discovery and the opportunity for price improvement for the benefit of all market participants. The Exchange believes that it is reasonable to maintain July 1, 2013 as the applicable baseline date so that a consistent point in time would be used to determine how many trading licenses for which a member organization would be charged, which would continue to provide member organizations with greater flexibility in managing their personnel. Further, the proposed billing for trading licenses would encourage additional firms to become member organizations on the Exchange, which would contribute to the quality of the Exchange's market.

The Exchange believes that the proposed change is equitable and not unfairly discriminatory because all similarly situated member organizations would continue to be subject to the same trading license fee structure and because access to the Exchange's market would continue to be offered on fair and nondiscriminatory terms. The Exchange also believes that the proposed change is equitable and not unfairly discriminatory because all member organizations would continue to have the opportunity to enjoy the benefits of the fee relief with respect to additional trading licenses. The Exchange believes that it is equitable and not unfairly discriminatory to continue to assign new member organizations a baseline of one trading license because this will continue to encourage firms to become member organizations, thereby encouraging trading activity on the Exchange, which benefits all market participants.

The Exchange also believes that removing obsolete text from the Price List is consistent

with the Act because it would add greater clarity for member organizations.

For these reasons, the Exchange believes that the proposal is consistent with the Act.

B. Self-Regulatory Organization's Statement on Burden on Competition

In accordance with Section 6(b)(8) of the Act,<sup>9</sup> 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. Instead, the proposed change would help to remove a potential burden on competition by making it easier for member organizations to appropriately staff the floor of the Exchange, which is a key feature of the Exchange's structure for offering a fair and orderly market and competing with other exchanges. The proposed change would also contribute to making membership on the Exchange as a member organization more economical and could therefore lead to increased competition on the Exchange between member organizations. This, in turn, could lead to increased intermarket competition between the Exchange and other markets.

Finally, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee or credit levels at a particular venue to be unattractive. In such an environment, the Exchange must continually review, and consider adjusting, its fees and credits to remain competitive with other exchanges. For these reasons, the Exchange believes that the proposed rule change reflects this competitive environment and is therefore consistent with the Act.

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.

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<sup>9</sup> 15 U.S.C. 78f(b)(8).

### III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change is effective upon filing pursuant to Section 19(b)(3)(A)<sup>10</sup> of the Act and subparagraph (f)(2) of Rule 19b-4<sup>11</sup> thereunder, because it establishes a due, fee, or other charge imposed by the Exchange.

At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B)<sup>12</sup> of the Act to determine whether the proposed rule change should be approved or 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 e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NYSE-2013-82 on the subject line.

#### Paper comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

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<sup>10</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>11</sup> 17 CFR 240.19b-4(f)(2).

<sup>12</sup> 15 U.S.C. 78s(b)(2)(B).

All submissions should refer to File Number SR-NYSE-2013-82. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer



to File Number SR-NYSE-2013-82 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

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

Elizabeth M. Murphy  
Secretary

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<sup>13</sup> 17 CFR 200.30-3(a)(12).