

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-71454; File No. SR-NYSE-2014-06)

January 31, 2014

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending Its Price List to (i) Increase the Credit for Agency Cross Trades; (ii) Increase the Fee for Certain Executions at the Close; (iii) Increase the “Tier 1 Adding Credit;” (iv) Increase the Fee for Certain Floor broker Discretionary e-Quotes; (v) Increase the Credit for Certain Floor broker Executions that Add Liquidity; (vi) Increase the Credit for Certain Supplemental Liquidity Provider Executions; and (vii) Increase the Fee for Executions in Crossing Session II

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (the “Act”)² and Rule 19b-4 thereunder,³ notice is hereby given that, on January 23, 2014, New York Stock Exchange LLC (“NYSE” or the “Exchange”) filed with the Securities and Exchange Commission (the “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 amend its Price List to (i) increase the credit for agency cross trades; (ii) increase the fee for certain executions at the close; (iii) increase the “Tier 1 Adding Credit;” (iv) increase the fee for certain Floor broker discretionary e-Quotes (“d-Quotes”); (v) increase the credit for certain Floor broker executions that add liquidity; (vi) increase the credit for certain Supplemental Liquidity Provider (“SLP”) executions; and (vii) increase the fee for executions in Crossing Session II. The Exchange proposes to implement the fee change effective

¹ 15 U.S.C.78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

February 1, 2014. The text of the proposed rule change is available on the Exchange's website at 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 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 to (i) increase the credit for agency cross trades; (ii) increase the fee for certain executions at the close; (iii) increase the "Tier 1 Adding Credit;" (iv) increase the fee for certain d-Quotes; (v) increase the credit for certain Floor broker executions that add liquidity; (vi) increase the credit for certain SLP executions; and (vii) increase the fee for executions in Crossing Session II. The Exchange proposes to implement the fee change effective February 1, 2014.⁴ The proposed change would have no impact on pricing

⁴ The Exchange notes that it has previously filed with the Securities and Exchange Commission a proposed rule change to amend the Price List (File No. SR-NYSE-2014-05). Exhibit 5 to SR-NYSE-2014-05 specified an effective date for the revised Price List of January 27, 2014 (changed from December 18, 2013). Exhibit 5 to the instant proposed rule change specifies an effective date of February 1, 2014 (changed from December 18, 2013). On January 27, 2014, subject to effectiveness of SR-NYSE-2014-05, the Exchange will update the Price List to reflect the fee change reflected in SR-NYSE-2014-05, with an effective date of January 27, 2014. On February 1, 2014, the Exchange will further update the Price List to reflect the changes set forth in the instant proposed rule change, with an effective date of February 1, 2014.

for transactions in securities priced below \$1.00.

Agency Cross Trades

A credit of \$0.0003 per share is currently provided for an agency cross trade, which is a trade where a member organization has customer orders to buy and sell an equivalent amount of the same security. The Exchange proposes to increase this credit to \$0.0006 per share.

Executions at the Close

A fee of \$0.0001 per share currently applies to executions at the close (except for market at-the-close (“MOC”) and limit at-the-close (“LOC”) orders) and Floor broker executions swept into the close if a member organization executes an average daily volume (“ADV”) on the Exchange during the billing month of at least 1,000,000 shares in such orders. The Exchange proposes to increase the fee to \$0.0002 per share. Such executions would continue to be free of charge if the member organization does not reach the 1,000,000-share threshold.

Tier 1 Adding Credit

The Tier 1 Adding Credit currently provides for a credit of \$0.0018 per share (or \$0.0010 for a Non-Displayed Reserve Order or \$0.0015 for a Midpoint Passive Liquidity (“MPL”) Order).⁵ The Exchange proposes to increase this credit to \$0.0020 per share.⁶

⁵ A member organization qualifies for the Tier 1 Adding Credit when adding liquidity to the Exchange if (i) the member organization has ADV that adds liquidity to the Exchange during the billing month (“Adding ADV,” which excludes any liquidity added by a Designated Market Maker (“DMM”)) that is at least 1.5% of consolidated ADV (“CADV”) in NYSE-listed securities during the billing month, excluding odd lots through January 31, 2014 (“NYSE CADV”), and executes MOC and LOC orders of at least 0.375% of NYSE CADV, (ii) the member organization has Adding ADV that is at least 0.8% of NYSE CADV, executes MOC and LOC orders of at least 0.12% of NYSE CADV, and adds liquidity to the NYSE as an SLP for all assigned SLP securities in the aggregate (including shares of both an SLP proprietary trading unit (“SLP-Prop”) and an SLP market maker (“SLMM”) of the same member organization) of more than 0.15% of NYSE CADV, or (iii) the member organization has ADV that adds liquidity in customer electronic orders to the NYSE (“Customer Electronic Adding ADV,” which shall exclude

d-Quotes

A fee of \$0.0010 per share currently applies to d-Quotes of a Floor broker that executes an ADV of at least 500,000 shares of d-Quotes that remove liquidity from the Exchange during the month. The Exchange proposes to increase this fee to \$0.0015. Such executions would continue to be charged a fee of \$0.0005 per share if the member organization does not reach the 500,000-share threshold.

Floor Broker Executions that Add Liquidity

A credit of \$0.0019 per share (or \$0.0015 for an MPL Order) currently applies to executions of orders sent to a Floor broker for representation on the Exchange when adding liquidity to the Exchange. The Exchange proposes that the applicable credit for a Floor broker that is part of a member organization that qualifies for the Tier 1 Adding Credit would be the same rate that applies to the Tier 1 Adding Credit.⁷ This would be the \$0.0020 per share credit proposed above. For Floor brokers that are not part of a member organization that qualifies for the Tier 1 Adding Credit, the current \$0.0019 rate would continue to apply.

SLP Credits

A credit of \$0.0025 per share (or \$0.0020 for a Non-Displayed Reserve Order or \$0.0015 for an MPL Order) currently applies to SLP transactions in securities with a per share price of

any liquidity added by a Floor broker, DMM, or SLP) during the billing month that is at least 0.5% of NYSE CADV, executes MOC and LOC orders of at least 0.12% of NYSE CADV, and has Customer Electronic Adding ADV during the billing month that, taken as a percentage of NYSE CADV, is at least equal to the member organization's Customer Electronic Adding ADV during September 2012 as a percentage of CADV in NYSE-listed securities during September 2012 plus 15%.

⁶ The applicable credit of \$0.0010 for a Non-Displayed Reserve Order or \$0.0015 for an MPL Order would not change as a result of this proposal.

⁷ The applicable credit of \$0.0015 for an MPL Order would not change as a result of this proposal.

\$1.00 or more that add liquidity on the Exchange if the SLP (i) meets the 10% average or more quoting requirement in an assigned security pursuant to NYSE Rule 107B (quotes of an SLP-Prop and an SLMM of the same member organization are not aggregated), (ii) adds liquidity for all assigned SLP securities in the aggregate (including shares of both an SLP-Prop and an SLMM of the same member organization) of an ADV of more than 0.22% of NYSE CADV, (iii) adds liquidity for all assigned SLP securities in the aggregate (including shares of both an SLP-Prop and an SLMM of the same member organization) of an ADV during the billing month that is at least equal to the SLP's September 2012 Adding ADV ("SLP Baseline ADV") plus 0.18% of NYSE CADV, and (iv) has a minimum provide [sic] ADV for all assigned SLP securities of 12 million shares. The Exchange proposes to increase this credit to \$0.0027 per share or \$0.0022 per share if a Non-Displayed Reserve Order.⁸

Crossing Session II

A fee of \$0.0002 per share currently applies to executions in Crossing Session II. The Exchange proposes to increase the fee to \$0.0004. Fees for executions in Crossing Session II would continue to be capped at \$100,000 per month per member organization.

The proposed change is not otherwise intended to address any other issues, and the Exchange is not aware of any problems that 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,⁹ in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,¹⁰ in

⁸ The applicable credit of \$0.0015 for an MPL Order would not change as a result of this proposal.

⁹ 15 U.S.C. 78f(b).

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.

The Exchange believes that the proposed increase in the credit for agency cross trades is reasonable because such trades are typically large block orders, and providing a higher credit would encourage their submission to a public exchange, thereby promoting price discovery and transparency. The Exchange believes that the proposed increase is equitable and not unfairly discriminatory because all member organizations that engage in agency trading would be eligible to receive the higher credit, and all market participants would benefit from the price discovery and transparency provided by large block orders.

The Exchange believes that it is reasonable to increase the fee for executions at the close (other than MOC and LOC orders) and Floor broker executions swept into the close if a member organization executes an ADV of at least 1,000,000 of such executions on a combined basis. Specifically, the Exchange's closing auction is a recognized industry benchmark,¹¹ and member organizations receive a substantial benefit from the Exchange in obtaining an ADV of 1,000,000 or more of such executions at the Exchange's closing price on a daily basis. In that respect, this fee increase is designed in part to offset the reduced fees that the Exchange collects from executions of MOC and LOC orders, which were lowered effective August 1, 2013.¹² The Exchange also believes that the proposed fee is equitable and not unfairly discriminatory.

¹⁰ 15 U.S.C. 78f(b)(4) and (5).

¹¹ For example, the pricing and valuation of certain indices, funds, and derivative products require primary market prints.

¹² See Securities Exchange Act Release No. 70193 (August 14, 2013), 78 FR 51251 (August 20, 2013) (SR-NYSE-2013-56).

Specifically, while member organizations that reach the threshold of an ADV of at least 1,000,000 combined executions are generally larger member organizations that are deriving a substantial benefit from this high volume of executions, the Exchange must nonetheless encourage liquidity from multiple sources. Allowing member organizations with lower execution volumes to continue to obtain executions at the close at no charge would encourage them to continue to send orders to the Exchange for the closing auction. The Exchange believes that the threshold it has selected would continue to incent order flow from multiple sources and help maintain the quality of the Exchange's closing auctions, which benefits all market participants.

The Exchange believes that the proposed increase in the Tier 1 Adding Credit is reasonable because it would further contribute to incenting member organizations to provide additional amounts of liquidity on the Exchange. The Exchange believes that the proposed increase is equitable and not unfairly discriminatory because all member organizations would benefit from such increased levels of liquidity and because the Tier 1 Adding Credit would continue to provide a higher credit to member organizations that is reasonably related to the value to the Exchange's market quality associated with higher volumes of liquidity. As is currently the case, member organizations would continue to have three distinct methods of qualifying for the Tier 1 Adding Credit.¹³

The Exchange believes that the proposed increase in the d-Quote rate for Floor brokers executing an ADV of at least 500,000 d-Quotes that remove liquidity from the Exchange is reasonable because a substantial benefit is derived from obtaining executions for such a high volume of d-Quotes. The Exchange also believes that the proposed rate is equitable and not

¹³ See supra note 6.

unfairly discriminatory. Specifically, while Floor brokers that reach the threshold of an ADV of at least 500,000 combined executions are generally larger member organizations that are deriving a substantial benefit from this high volume of executions, the Exchange must nonetheless encourage liquidity from multiple sources. Allowing Floor brokers with lower execution volumes to continue to use d-Quotes to remove liquidity, but at the lower fee of \$0.0005, would further incent order flow from multiple sources and help maintain the quality of order execution on the Exchange, which benefits all market participants. The Exchange further believes that it is reasonable to continue to maintain d-Quote take rates that are lower than the take rate that applies to Floor broker transactions not otherwise specified on the Price List (i.e., the \$0.0022 and \$0.0020 per share rates) because d-Quotes, in particular, encourage additional liquidity during the trading day and incent Floor brokers to provide additional intra-quote price improved trading, which contribute to the overall quality of the Exchange's market.

The Exchange believes that the proposed increase in the credit for Floor brokers that are part of a member organization that qualifies for the Tier 1 Adding Credit is reasonable. Without this proposed change, and due to the proposed increase in the Tier 1 Adding Credit from \$0.0018 to \$0.0020, a Floor broker's transactions that add liquidity would receive a credit that would be inferior to that of the non-Floor broker transactions of the same member organization. The Exchange believes that this result would disincentivize member organizations from sending orders to a Floor broker and could therefore decrease the amount of liquidity-adding volume available on the Exchange's Floor. The Exchange believes that the proposed change is equitable and not unfairly discriminatory because a Floor broker would only receive the Tier 1 Adding Credit rate if it is part of a member organization that qualifies for the Tier 1 Adding Credit and because Floor broker volume is counted when determining whether a member organization has

reached the applicable Tier 1 Adding Credit thresholds.

The Exchange believes that the proposed increase in the credit for SLPs that add liquidity to the Exchange with a per share price of \$1.00 or more if the SLP meets certain requirements is reasonable because it would create added incentive for SLPs to provide liquidity in assigned securities. This is further reasonable because the added incentive created by the availability of the increased credit is reasonably related to an SLP's liquidity obligations on the Exchange. The corresponding increase in the credit applicable to Non-Displayed Reserve Orders is also reasonable because it would maintain the existing \$0.0005 difference between these order types and all other order types (excluding MPL Orders).¹⁴ The Exchange believes that the proposed increase in the credit is equitable and not unfairly discriminatory because, as is currently the case under the existing rate, the credit is available to all qualifying SLPs on an equal basis and because the credit is reasonably related to the value to the Exchange's market quality associated with higher volumes.

The Exchange believes that the proposed increase in the fee for Crossing Session II transactions is reasonable because it would more closely align the rate with the other rates within the Price List. The Exchange also believes that the proposed increase in the fee for Crossing Session II transactions is equitable and not unfairly discriminatory because such fees would apply to executions of all member organizations in Crossing Session II and because such fees would continue to be capped at \$100,000 per member organization per month.

Finally, the Exchange believes that it is subject to significant competitive forces, as described below in the Exchange's statement regarding the burden on competition.

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

¹⁴ MPL Order fees and credits apply equally to all market participants and MPL Orders are not eligible for any tiered or additional credits or reduced fees. See SR-NYSE-2014-05.

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

In accordance with Section 6(b)(8) of the Act,¹⁵ the Exchange believes that the proposed rule change would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

Specifically, the Exchange believes that the proposed increase in the credit for agency cross trades would further encourage the submission of what are typically large block orders to a public exchange and thereby allow the Exchange to more effectively compete with alternative trade reporting facilities for market share.

The proposed increased fee for executions at the close and Floor broker executions swept into the close would continue to apply only to member organizations that obtain high volumes of executions at the close on a daily basis. The Exchange believes that this small fee would not result in a burden on competition for these member organizations in light of the substantial benefit that they obtain from these executions. Participation in the closing by member organizations with relatively lower closing activity is also important to the quality of the closing, and the Exchange therefore believes that continuing to not charge member organizations with executions below the 1,000,000-share monthly ADV threshold would not result in a burden on competition.

The proposed increase in the Tier 1 Adding Credit would not burden competition, but rather would encourage member organizations to submit additional amounts of liquidity on the Exchange. In addition, the method of qualifying for the Tier 1 Adding Credit would continue to not burden competition, in that the qualification parameters encourage multiple sources of liquidity, including from those member organizations without an SLP or Floor broker unit.

¹⁵ 15 U.S.C. 78f(b)(8).

The Exchange believes that Floor brokers that are removing higher volumes of liquidity via d-Quotes from the Exchange would not be burdened by paying a higher fee for such executions, especially because a substantial benefit is derived from obtaining executions for such a high volume of d-Quotes. The Exchange also believes that continuing to charge Floor brokers below the 500,000-share monthly ADV threshold a lower rate of \$0.0005 per share would continue to not result in a burden on competition, because such rate would continue to incent order flow from multiple sources and help maintain the quality of order execution on the Exchange, which benefits all market participants.

The Exchange believes that applying the Tier 1 Adding Credit rate to Floor broker executions that add liquidity if the Floor broker is part of a qualifying member organization would not burden competition. Rather, the Exchange believes that the proposed change would eliminate a potential disincentive to sending orders to Floor brokers and would therefore prevent decreased levels of available liquidity on the Floor of the Exchange.

The increase in the credit for certain SLP executions would not burden competition because all SLPs would have the opportunity to qualify for the credit. The increased credit would create an added incentive for SLPs to provide liquidity on the Exchange, thereby also contributing to the Exchange's competitiveness with other markets.

The increase in the fee for executions in Crossing Session II would not burden competition because it would apply to all member organizations and because fees for member organizations that are particularly active in Crossing Session II would continue to be capped at \$100,000 per member organization per month.

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 levels at a particular

venue to be excessive or rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees and rebates to remain competitive with other exchanges and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. Because competitors are free to modify their own fees and credits in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited. As a result of all of these considerations, the Exchange does not believe that the proposed changes will impair the ability of member organizations or competing order execution venues to maintain their competitive standing in the financial markets.

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.

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)¹⁶ of the Act and subparagraph (f)(2) of Rule 19b-4¹⁷ 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

¹⁶ 15 U.S.C. 78s(b)(3)(A).

¹⁷ 17 CFR 240.19b-4(f)(2).

Commission shall institute proceedings under Section 19(b)(2)(B)¹⁸ 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. Please include File Number SR-NYSE-2014-06 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.

All submissions should refer to File Number SR-NYSE-2014-06. 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 inspection and copying in the Commission's Public Reference Section, 100 F

¹⁸ 15 U.S.C. 78s(b)(2)(B).

Street, NE, Washington, DC 20549-1090, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing will also be available for website viewing and printing at the NYSE's principal office and on its Internet website at www.nyse.com. 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-2014-06 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.¹⁹

Kevin M. O'Neill
Deputy Secretary

¹⁹ 17 CFR 200.30-3(a)(12).