

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-67841; File No. SR-NYSEArca-2012-99)

September 12, 2012

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending NYSE Arca Equities Rule 7.31(d) To Provide that an Inside Limit Order Designated as a Primary Until 9:45 Order or a Primary After 3:55 Order Will Follow the Order Processing of an Inside Limit Order Only When the Order is On the NYSE Arca Book

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 August 31, 2012, NYSE Arca, Inc. (“NYSE Arca” or the “Exchange”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I and II 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 NYSE Arca Equities Rule 7.31(d) to provide that an Inside Limit Order designated as a Primary Until 9:45 Order or a Primary After 3:55 Order will follow the order processing of an Inside Limit Order only when the order is on the NYSE Arca Book.

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.

¹ 15 U.S.C.78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

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 NYSE Arca Equities Rule 7.31(d) to provide that an Inside Limit Order designated as either a Primary Until 9:45 Order or a Primary After 3:55 Order will follow the order processing of an Inside Limit Order only when the order is on the NYSE Arca Book and to clarify that the order processing of the inside limit order is repeated at each next best displayed price.

As defined in NYSE Arca Equities Rule 7.31(d), an Inside Limit Order is a Limit Order, which, if routed away pursuant to NYSE Arca Equities Rule 7.37(d), will be routed to the market participant with the best displayed price. Any unfilled portion of the order will not be routed to the next best price level until all quotes at the current best bid or offer are exhausted. Once each current best bid or offer is exhausted, Exchange systems will repeat the process at each new best displayed price level until the order is filled or no longer marketable.

The Exchange proposes to amend Rule 7.31(d) to clarify that this process is repeated at each next best displayed price. Once the Inside Limit Order is no longer marketable it will be ranked in the NYSE Arca Book pursuant to NYSE Arca Equities Rule 7.36. An Inside Limit

Order is "marketable" when it is priced to buy (sell) at or above (below) the national best bid or offer for the security.

The purpose of the Inside Limit Order is to assess away market displayed interest on a price-by-price basis, thereby slowing down the routing of such order, rather than simultaneously routing an order to away markets at potentially multiple prices. For example, if the national best bid and offer is 10.10 by 10.12, and the Exchange receives an order to buy with a limit of 10.15, in addition to executing with the interest on the Exchange's book, the Exchange will route the balance of the order to all protected quotes, including quotes with an inferior price than the NBO (e.g., any protected offers priced at 10.13 or higher), up to the limit order price of 10.15.⁴ By contrast, an Inside Limit Order with a price of 10.15 would be matched with interest on the Arca Book and routed only to away market interest priced at the NBO of 10.12. After routing to the 10.12 offer(s), Exchange systems will reevaluate the next best displayed offer price, and route to that single price point and continue such assessment at each price point until either the limit order has been filled, or there is no further interest available to satisfy the limit order price either at the Exchange or at away markets.

As defined in NYSE Arca Equities Rule 7.31(oo), a Primary Until 9:45 Order is an Order entered for participation on the primary market until 9:45 am Eastern Time, after which time the order is cancelled on the primary market and entered on the NYSE Arca Book. Orders that return to the NYSE Arca Book after routing to the primary market will retain their original order attributes.

As defined in NYSE Arca Equities Rule 7.31(pp), a Primary After 3:55 Order is an Order entered for participation on the Exchange until 3:55 pm Eastern Time (12:55 pm Pacific Time)

⁴ See NYSE Arca Equities Rule 7.37(d)(2)(B).

after which time the order is cancelled on the Exchange and an order is entered for participation on the primary market. Orders that route to the primary market at 3:55 pm Eastern Time will retain their original order attributes.

As currently defined, the Primary Until 9:45 Order and Primary After 3:55 Order are available to orders entered for participation on the Exchange, except for orders that, by definition, do not route, and currently, Inside Limit Orders. The Exchange proposes to amend NYSE Arca Equities Rule 7.31(d) to clarify that when an Inside Limit Order is designated as a Primary Until 9:45 Order or as a Primary After 3:55 Order, it will follow the order processing set forth in Rule 7.31(d), i.e., that if routed, it would be routed to the market participant with the best displayed price, only when the Inside Limit Order is on the NYSE Arca Book. Accordingly, when an Inside Limit Order is routed to the primary market pursuant to the terms of a Primary Until 9:45 Order or a Primary After 3:55 Order, such order will be routed as a straight limit order to the primary market, and the order processing of an Inside Limit Order will be applicable only if it returns to the NYSE Arca Book (in the case of a Primary Until 9:45 Order) or before it is routed to the primary market (in the case of a Primary After 3:55 Order). The Exchange is proposing this rule change to make clear that the routing process of the Inside Limit Order, i.e., routing to the best displayed price, will not be in effect when the Primary Until 9:45 Order or Primary After 3:55 Order is applicable, because during those periods, the entirety of the order would be routed to the primary market, regardless of whether the primary market is displaying the best price.

The Exchange believes that the proposed rule change provides transparency in the rules regarding the order processing applicable to Inside Limit Orders when such an order is routed to

a primary market pursuant to the terms of a Primary Until 9:45 Order or a Primary After 3:55 Order.

The Exchange will announce the implementation date of the proposed rule change in a Trader Update to be published no later than 30 days following the date of filing. The implementation date will be no later than 30 days following publication of the Trader Update announcing the rule change.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Securities Exchange Act of 1934 (the “Act”),⁵ in general, and furthers the objectives of Section 6(b)(5),⁶ in particular, because it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest. The Exchange believes that the proposed change to the Inside Limit Order meets these requirements because it provides that the order processing of an Inside Limit Order will only be applicable when such an order is on the NYSE Arca Book, and will not be applicable if the order is routed to a primary market pursuant to the terms of a Primary Until 9:45 Order or Primary After 3:55 Order. Accordingly, the proposed rule change will remove impediments to and perfect the mechanism of a free and open market and national market system by providing transparency in the rules regarding the order processing applicable to Inside Limit Orders when such an order is routed to a primary market pursuant to the terms of a Primary Until 9:45 Order or a Primary After 3:55 Order.

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(5).

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

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.

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 Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act⁷ and Rule 19b-4(f)(6) thereunder.⁸ Because the proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6)(iii) thereunder.

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.

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:

⁷ 15 U.S.C. 78s(b)(3)(A)(iii).

⁸ 17 CFR 240.19b-4(f)(6).

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-NYSEArca-2012-99 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-NYSEArca-2012-99. 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 the 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-NYSEArca-2012-99 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.⁹

Kevin M. O'Neill
Deputy Secretary

⁹ 17 CFR 200.30-3(a)(12).