SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-71294; File No. SR-NYSEMKT-2014-05)

January 14, 2014

Self-Regulatory Organizations; NYSE MKT LLC; Notice of Filing of Proposed Rule Change Amending its Rules in Order to Clarify the Applicability and Functionality of Certain Order Types on the Exchange

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 8, 2014, NYSE MKT LLC (the "Exchange" or "NYSE MKT") 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 rules in order to clarify the applicability and functionality of certain order types on the Exchange. 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

1 15 U.S.C. 78s(b)(1).

2 15 U.S.C. 78a.

3 17 CFR 240.19b-4.

C below, of the most significant parts of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend Rule 900.3NY (Orders Defined) by revising the definitions of certain order types. The Exchange is not proposing to change or alter any obligations, rights, policies or practices enumerated within its rules. Rather, this proposal is designed to reduce any potential investor confusion as to the functionality and applicability of certain order types presently available on NYSE Amex Options.

Background

In September 2008, NYSE Euronext acquired the American Stock Exchange LLC ("Amex").[4] In conjunction with that acquisition, the options business of the Amex was rebranded NYSE Amex Options. NYSE Amex Options operates a hybrid market, with all option classes available for trading both electronically on the NYSE Amex System ("System"), or in open-outcry on the options trading floor. Rule 900.3NY was adopted as part of the new rule set governing NYSE Amex Options[5] and contains the definitions of order options types available on the Exchange.

In reviewing its rules, the Exchange has determined that some of the order type definitions are outdated and need revising, while others do not fully explain the functionality and applicability of the order type they are attempting to define. Accordingly, the Exchange now

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4 See Securities Exchange Act Release No. 58673 (September 29, 2008), 73 FR 57707 (October 3, 2008) (SR-Amex-2008-62 and SR-NYSE-2008-60).

5 See Securities Exchange Act Release No. 34-59472 (February 27, 2009), 74 FR 9843 (March 6, 2009) (SR-NYSEALTR-2008-14).

proposes to amend such definitions so as to reduce any potential investor confusion as to the functionality and applicability of certain order types available on NYSE Amex Options.

Proposed Changes to Order Type Definitions

Rule 900.3NY(a) Market Order. A Market Order is an order to buy or sell a stated number of options contracts and is to be executed at the best price obtainable when the order reaches the Exchange. The order may be executed at the best possible price at the Exchange or by routing the order to another Exchange displaying the best price. If a Market Order is entered in a particular series and there is no National Best Bid ("NBB") and no National Best Offer ("NBO") (collectively "NBBO") for that series at the time the order is received, an execution cannot take place. The lack of an NBBO means there is no trading interest on any exchange where that series is listed, which could be indicative of a systems issue, or some other unusual activity. If this occurs during Core Trading Hours,[6] the Exchange believes that it is preferable to reject the order back to the submitting ATP Holder instead of having the order remain unexecuted for an indeterminable amount of time. Currently, a Market Order that gets rejected back to a submitting ATP Holder contains a message code explaining the reason for the reject. The rejection of unexecutable Market Orders was implemented in December 2010 and announced to ATP Holders via a Trader Update.[7]

Additionally, the Exchange proposes amending Rule 900.3NY(a) in order to describe what occurs when the Exchange receives a Market Order to buy (sell) and there is an NBB (NBO) but no NBO (NBB) being disseminated by OPRA. Unlike the lack of an NBBO as described above, the dissemination of just an NBB or just a NBO is not necessarily indicative of

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6 See NYSE MKT Rule 900.2NY(15).

7 See NYSE Amex Trader Update December 30, 2010. http://www.nyse.com/pdfs/Market%20Order%20Rejects.pdf

unusual activity, therefore the Exchange will not reject orders in these situations. Instead, the order will be processed pursuant to Rule 967NY(a) -Trade Collar Protection. By processing using collar protection, the Market Order is afforded an execution opportunity with price protection.

The Exchange now proposes to codify in Rule 900.3NY(a) that: (1) if there is no NBBO (no NBB and no NBO) being disseminated at the time a Market Order is received by the Exchange, the order will be rejected, and (2) if the Exchange receives a Market Order to buy (sell) and there is an NBB (NBO) but no NBO (NBB) being disseminated at the time, the order will be processed pursuant to Rule 967NY(a) -Trade Collar Protection.

In addition, the Exchange proposes to codify that those Market Orders that are entered before the opening of trading will be eligible for trading during the Opening Auction Process.

Rule 900.3NY(c) Inside Limit Order. An Inside Limit Order is an order type designed to route away to the market participant or participants 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.

Due to a lack of demand for Inside Limit Orders, the Exchange proposes to discontinue functionality supporting the order type. The Exchange does not intend to re-introduce it at any time in the future. Accordingly, the Exchange proposes to delete Rule 900.3NY(c) and reserve the rule number for future use.

Rule 900.3NY(d)(1)-(2) Stop Orders and Stop Limit Orders. A Stop Order is an order that becomes a Market Order when the market for a particular option contract reaches a specified price. A Stop Limit Order is an order that becomes a Limit Order when the market for a particular option contract reaches a specified price (also known as the “triggering event”). Stop

Orders and Stop Limit Orders (collectively "Stop Orders") track the price of an option and are generally used to limit losses as prices move up, or down. "Sell" Stop Orders may be triggered as the price falls, and "buy" Stop Orders may be triggered as the price rises. Accordingly, the specified price for a "buy" Stop Order must be above the price the option is trading at the time the order is entered, and the specified priced for a "sell" Stop Order must be at a price less than the option is trading at the time the order is entered. Currently, Stop Orders entered with a specified price above (below) the price the option is trading for at the time of entry are rejected back to submitting ATP Holder with message code explaining the reason for the reject

The Exchange now proposes to add clarifying text to Rules 900.3NY (d)(1) and (2) stating that Stop and Stop Limit Orders with a specified price above the bid (below the offer) in the option series at the time the order is entered will be rejected.

Rule 900.3NY(d)(5) Tracking Order. A Tracking Order is an undisplayed Limit Order that is eligible for execution after the Display Order Process against orders equal to or less than the size of the Tracking Order. A Tracking Order is only executable at a price matching the NBBO. If a Tracking Order is executed but not exhausted, the remaining portion of the order shall be cancelled, without routing the order to another market center or market participant. A Tracking Order shall not trade-through the NBBO. Tracking Orders only have standing if contra-side interest in the System would otherwise be routed to another market center at the NBBO.

Due to a lack of demand for Tracking Orders, the Exchange proposes to discontinue functionality supporting the order type. The Exchange does not intend to re-introduce it at any time in the future. Accordingly, the Exchange proposes to delete Rule 900.3NY(d)(5).

Rule 900.3NY(g) One-cancels-the-other ("OCO") Order. An OCO consists of two or more orders treated as a unit. The execution of any one of the orders causes the others to be cancelled. Currently, because this order type is not supported by Exchange systems, this instruction is available only for a Floor Broker when handling multiple orders for a single ATP Holder. The Exchange proposes to amend Rule 900.3NY(g) to clarify that OCOs are only available for open outcry trading.

Rule 900.3NY(i) Single Stock Future ("SSF")/Option Order. An SSF/ Option Order is an order to buy or sell a stated number of units of a single stock future or a security convertible into a single stock future ("convertible SSF") coupled with a purchase or sale of options overlying the same security as the SSF. SSF/Option Orders are handled by Floor Brokers who execute the options portion of the order in open outcry on the floor of the Exchange and routes an SSF order to a third- party broker for execution on a futures exchange. The Exchange proposes to amend Rule 900.3NY(i) to clarify that SSF/Option Orders are only available for open outcry trading.

Rule 900.3NY(o) Now Order. A Now Order is a Limit Order that is to be executed in whole or in part on the Exchange, and the portion not so executed shall be routed pursuant to Rule 964NY(c)(2)(E) only to one or more NOW Recipients for immediate execution. NOW Orders that are not marketable when submitted to NYSE Amex Options, are cancelled.

NOW Orders are determined to be marketable if an execution can take place either on the Exchange or by routing the order to an away market center that is at the NBBO. The Exchange now proposes to amend Rule 900.3NY(o) to clarify that a NOW Order that is not marketable against the NBBO (which would be inclusive of the NYSE Amex Options and other markets) will be rejected.

Rule 900.3NY(q) Opening Only Order. The Exchange proposes to correct minor typographical errors in the rule text but make no substantive changes to the rule itself.

The Exchange plans to issue a Trader Update announcing the changes to order types proposed by this rule filing. The Trader Update will be distributed to all ATP Holders upon the operative date of the rule change.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[8] in general, and furthers the objectives of Section 6(b)(5) of the Act,[9] in particular, in that, deleting obsolete and/or outdated rules, correcting inaccurate language, and enhancing the descriptions as to the functionality of certain order types will add transparency and clarity to the Exchange's rules.

Specifically, the Exchange believes that clarifying the definitions of Market Orders, Stop Orders and NOW Orders removes impediments to and perfects the mechanism of a free and open market by helping to ensure that investors better understand the functionality of certain orders types available for trading on the Exchange. Additionally, the Exchange believes that specifying that SSF/Option Orders and OCO Orders are only for trading in open outcry will help to protect investors and the public interest by reducing potential confusion when routing orders to the Exchange. Lastly, the Exchange believes that deleting definitions applicable to Inside Limit Orders and Tracking Orders provides clarity to Exchange rules by eliminating outdated and obsolete functionality.

The Exchange further believes that the proposal removes impediments to and perfects the mechanism of a free and open market by ensuring that members, regulators and the public can more easily navigate the Exchange's rulebook and better understand the order types available for trading on the Exchange.

[8] 15 U.S.C. 78f(b)

[9] 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. The proposed change is not designed to address any competitive issue but rather revise incomplete or inaccurate rule text or remove language pertaining to unavailable functionality in the Exchange's rulebook, thereby reducing confusion and making the Exchange's rules easier to understand and navigate.

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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve or disapprove the proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be 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-NYSEMKT-2014-05 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-NYSEMKT-2014-05. 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-NYSEMKT-2014-05 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.[10]

Kevin M. O'Neill
Deputy Secretary

[10] 17 CFR 200.30-3(a)(12).