

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-76655; File No. SR-NYSEMKT-2015-103)

December 15, 2015

Self-Regulatory Organizations; NYSE MKT LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending Rule 13 Equities to Eliminate Good Til Cancelled Orders and Stop Orders, and Make Conforming Changes to Equities Rules 49, 61, 70, 104, 115A, 116 , 118, 123, 123A, 123C, 123D, 501, 1000, 1004, and 6140

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 December 7, 2015, 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 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 Rule 13 – Equities to eliminate Good til Cancelled (“GTC”) Orders and Stop Orders, and (2) make conforming changes to Rules 49 – Equities, 61 – Equities, 70 – Equities, 104 – Equities, 115A – Equities, 116 – Equities, 118 – Equities, 123 – Equities, 123A – Equities, 123C – Equities, 123D – Equities, 501 – Equities, 1000 – Equities, 1004 – Equities, and 6140 – Equities. 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 Rule 13 – Equities (“Rule 13”) to eliminate GTC Orders (which are also defined as “Open” Orders) and Stop Orders, and make conforming changes to Rules 49 – Equities, 61 – Equities, 70 – Equities, 104 – Equities, 115A – Equities, 116 – Equities, 118 – Equities, 123 – Equities, 123A – Equities, 123C – Equities, 123D – Equities, 501 – Equities, 1000 – Equities, 1004 – Equities, and 6140 – Equities. The Exchange proposes to eliminate these order types in order to streamline its rules and reduce complexity among its order type offerings.⁴

Because of the technology changes associated with the proposed rule change, the Exchange proposes to announce the implementation date of the elimination of the order types via Trader Update.

Elimination of GTC Orders and Stop Orders (Rule 13)

The Exchange proposes to eliminate, and thus delete from its rules, the GTC Order

⁴ See, e.g., Mary Jo White, Chair, Securities and Exchange Commission, Speech at the Sandler O’Neill & Partners, L.P. Global Exchange and Brokerage Conference (June 5, 2014) (available at www.sec.gov/News/Speech/Detail/Speech/1370542004312#.U5HI-fmwJiw).

defined in Rule 13(b)(2). A GTC Order is a limit order that remains in effect until it is either executed or cancelled.⁵ To reflect this elimination, the Exchange proposes to delete all references to GTC or Open Orders and any related modifiers in Rule 13 as follows:

- delete Rule 13(b)(2), which defines the GTC Order;
- delete Rule 13(d)(1)(B)(iv), which provides that interest designated as GTC may not be designated as a Mid-Point Passive Liquidity ("MPL") Order;⁶
- delete Rules 13(f)(1) and (2), which describes the Do Not Reduce ("DNR") and Do Not Increase ("DNI") modifiers, which are modifiers that are used only in connection with GTC Orders. In addition to being used for GTC Orders, these modifiers are also used for Stop Orders, which the Exchange is also proposing to eliminate;⁷ and
- amend Rule 13(f)(5)(B), which provides that the Exchange shall reject GTC Orders with an Self-Trade Prevention ("STP") modifier.

Second, the Exchange proposes to eliminate Stop Orders. A Stop Order is an order to buy or sell a stock at the market once the price of the stock reaches a specified price known as

⁵ GTC orders are not eligible to be executed in any Off-Hours Trading Facility and may not be transmitted to Floor broker hand-held devices or Floor broker systems. See Rule 13(b)(2).

⁶ A MPL Order is an undisplayed limit order that automatically executes at the mid-point of the protected best bid or offer. See Rule 13(d)(1)(A). The Exchange also proposes to re-number Rule 13(d)(1)(B)(v) to reflect the deletion of subsection (iv).

⁷ In connection with the deletion of Rule 13(f)(1) & (2), the Exchange proposes to renumber the Rule as follows: Rule 13(f)(3) (Pegging Interest) would become Rule 13(f)(1); Rule 13(f)(4) (Retail Modifier) would become Rule 13(f)(2); Rule 13(f)(5) (Self-Trade Prevention Modifier) would become Rule 13(f)(3); and Rule 13(f)(6) (Sell "Plus"—Buy "Minus" Instruction) would become Rule 13(f)(4). As discussed below, the Exchange proposes to delete Rule 13(f)(7) which defines Stop Orders.

the “stop price.” Specifically, a Stop Order to buy becomes a market order when a transaction in the security occurs at or above the stop price after the order is received into Exchange systems or is manually represented by a Floor broker. A Stop Order to sell becomes a market order when a transaction in the security occurs at or below the stop price after the order is received into Exchange systems or manually represented by a Floor broker.⁸ To effectuate this elimination, the Exchange proposes to amend Rule 13 as follows:

- delete Rule 13(f)(7), which defines a Stop Order;
- delete Rule 13(f)(1) and (2), which describes the DNR and DNI modifiers as noted above; and
- amend Rule 13(f)(5), which provides that the STP modifier is available for Stop Orders.

Conforming Amendments

The Exchange proposes certain conforming amendments to Rules 49 – Equities, 61 – Equities, 70 – Equities, 104 – Equities, 115A – Equities, 116 – Equities, 118 – Equities, 123 – Equities, 123A – Equities, 123C – Equities, 123D – Equities, 501 – Equities, 1000 – Equities, 1004 – Equities, and 6140 – Equities to reflect the elimination of GTC Orders and Stop Orders as described above as follows:

- The Exchange proposes to amend Rule 49 – Equities (Emergency Powers), which addresses the Exchange’s emergency powers, to delete

⁸ See Rule 13(f)(7)(A) & (B). Elected Stop Orders also become Market Orders and are eligible for automatic execution in accordance with Rules 116.40 – Equities, 123C – Equities and 1000 - 1004 – Equities. Stop Orders that would be elected by the price of the opening transaction on the Exchange are included in the opening transaction as Market Orders. See id. at (C). Odd-lot size transactions are not considered transactions eligible to elect Stop Orders on the Exchange. See id. at (D).

subsection (b)(1)(B), which permits the Exchange to accept cancellations of GTC orders during an emergency condition.

- The Exchange proposes to amend Rule 61 – Equities (Recognized Quotations), which governs bids and offers in securities. Under Rule 61(a)(ii) – Equities, transactions in part of a round lot are published to the Consolidated Tape and may elect Stop Orders. The Exchange proposes to eliminate the reference to electing Stop Orders.
- The Exchange proposes to amend Rule 70 – Equities (Execution of Floor Broker Interest), governing execution of Floor broker interest known as e-Quotes. Under Rule 70(a)(1) – Equities, e-Quotes cannot include, among others, unelected Stop Orders or a GTC, DNR and DNI modifier. The Exchange proposes to delete these references.
- The Exchange proposes to amend 104 – Equities (Dealings and Responsibilities of DMMs), which prohibits DMM units from entering, among others, GTC Modifiers, DNR Modifiers, DNI Modifiers, and Stop Orders. The Exchange proposes to delete these references to GTC, DNR and DNI modifiers and Stop Orders in subsection (b)(vi).
- The Exchange proposes to amend Rule 115A – Equities (Orders at Opening), which governs orders at the opening, to remove subsection (a), which prohibits DMMs, trading assistants and anyone acting on their behalf from using the Exchange Display Book system in a manner designed to discover inappropriately information about unelected stop orders when arranging the open or to otherwise attempt to obtain

information regarding unelected stop orders and to renumber the rule accordingly.

- The Exchange proposes to delete Supplementary Material .40(A) and .50 of Rule 116 – Equities (‘Stop’ Constitutes Guarantee), which provides that an agreement by a member to "stop" stock at a specified price constitutes a guarantee of a purchase or sale by the member of the security at that price. Supplementary Material .40(A) provides that Stop Orders elected based on the closing price are automatically and systemically converted to market orders and included in the total number of market-at-the-close orders executed at the close. Supplementary Material .50, similar to Rule 104(b)(vi) – Equities, prohibits DMMs, trading assistants and anyone acting on their behalf from using the Display Book system in a manner designed to discover inappropriately information about unelected stop orders when arranging the close or to otherwise attempt to obtain information regarding unelected stop orders.
- The Exchange proposes to delete Rule 118 – Equities (Orders To Be Reduced and Increased on Ex-Date), which governs the adjustment of GTC buy orders⁹ and open Stop Orders, i.e., GTC Stop Orders, to sell when a security is quoted ex-dividend, ex-distribution, ex-rights or ex-interest.
- The Exchange proposes to amend Rule 123 – Equities (Record of Orders),

⁹ Rule 118 – Equities uses the term “Open buying orders”. An Open Order is another term for a GTC Order. See Rule 13(a)(2). Since Rule 118 – Equities applies only to GTC Orders and Stop Orders, the Exchange proposes to delete the rule in its entirety.

which imposes certain recordkeeping and order entry requirements, to eliminate the reference to Stop Orders in subsection (e)(iii)(7) and stop price in paragraph (e)(iii)(8) of Rule 123 – Equities. The Exchange also proposes to delete outdated references to auction market and auction limit orders in Rule 123(e)(iii)(7) – Equities, which the Exchange either eliminated or did not implement.¹⁰

- The Exchange proposes to amend Supplementary Material .20 of Rule 123A – Equities (Miscellaneous Requirements), which governs changes in day orders, to remove the final clause of the first paragraph requiring members to request that customers and correspondents file GTC Orders wherever possible rather than repeating the same order each morning. The Exchange also proposes to delete the second paragraph of Supplementary Material .20 in its entirety, which provides that a Day Order changed to an Open Order is considered a new order and must be added to the Exchange’s Book after other orders previously received at the same price. As noted above, an Open Order is another term for a GTC Order.¹¹ Finally, the Exchange proposes to rename Supplementary Material .20 “Day Orders” by deleting the preceding words “Changes In”.
- The Exchange proposes to amend Rule 123C – Equities (The Closing Procedures), which specifies the procedures to be followed at the close of

¹⁰ See Securities Exchange Act Release No. 67686 (August 17, 2012), 77 FR 51596 (August 24, 2012) (SR-NYSEMKT-2012-13) (deleting the auction market order). Auction limit orders do not appear to have been implemented.

¹¹ See note 9, supra.

trading on the Exchange, to delete references to Stop Orders in paragraphs 6(a)(i)(C) and 6(a)(ii) of Rule 123C – Equities. The Exchange also proposes to delete paragraph 8(a)(iv) of Rule 123C – Equities, which describes election of Stop Orders as part of the Closing Print.

- The Exchange proposes to amend Rule 123D – Equities (Openings and Halts in Trading), which specifies that Exchange systems may open one or more securities electronically if a DMM cannot facilitate the opening of trading as required by Exchange rules. First, the Exchange proposes to replace the references to Rule 115A(b) – Equities with references to Rule 115A(a) – Equities. Second, the Exchange proposes to delete subsection (a)(3)(C)(ii), which provides that Stop Orders elected based on the opening price would trade second in time priority when interest that is otherwise guaranteed to participate in an opening trade would cause an opening price to be outside the Opening Price Range (as defined therein). Third, to reflect the deletion of subsection (a)(3)(C)(ii) and the removal of Stop Orders from second in time priority, the Exchange proposes to re-number subsections (a)(3)(C)(iii) through (v) and re-order priority for Limit Orders (current subsection (a)(3)(C)(iii)) from third to second, for G-quotes (current subsection (a)(3)(C)(iv)) from fourth to third, and for all other limit interest priced equal to the open (current subsection (a)(3)(v)) from fifth to fourth.
- The Exchange proposes to amend Rule 501 – Equities (Definitions), which sets forth the definitions for the Rules 500 - 525 – Equities Series

governing the trading of “UTP Securities” on the Exchange pursuant to unlisted trading privileges. The Exchange proposes to delete subsection (d)(1)(A) of Rule 501 – Equities, which defines a GTC or Open Order for a UTP Security. The Exchange also proposes to delete subsection (d)(2)(E) of Rule 501 – Equities, which lists Stop Order as one of the order types not accepted for trading in UTP Securities.

- The Exchange proposes to amend Rule 1000 – Equities (Automatic Executions), which provides for automatic executions by Exchange systems. Rule 1000(c) – Equities provides that incoming market orders, including an elected stop order, or marketable limit order to buy (sell) will not execute or route to another market center at a price above (below) the Trading Collar applicable when automatic executions are in effect and calculated pursuant to Rule 1000(c)(i) – Equities. The Exchange proposes to delete the reference to elected stop order in paragraph (c) of Rule 1000 – Equities.
- The Exchange proposes to amend Rule 1004 – Equities (Election of Buy Minus, Sell Plus and Stop Orders), which provides that automatic executions of transactions reported to the Consolidated Tape shall elect, among others, stop orders electable at the price of such executions and that any stop order so elected shall be automatically executed as market orders pursuant to Exchange rules. The Exchange proposes to delete the references to Stop Orders, including in the heading.
- Finally, the Exchange proposes to amend Rule 6140 – Equities (Other

Trading Practices), which governs a number of prohibited trading practices. First, the Exchange proposes to delete Rule 6140(h)(1) – Equities, which provides that a member or member organization may, but is not obligated to, accept a stop order in designated securities, and defines buy stop orders (Rule 6140(h)(1)(A) – Equities) and sell stop orders (Rule 6140(h)(1)(B) – Equities). Second, the Exchange proposes to delete Rule 6140(h)(2) – Equities, which provides that a member or member organization may, but is not obligated to, accept stop limit orders in designated securities and that when a transaction occurs at a stop price, the stop limit order to buy or sell becomes a limit order at the limit price. Current subsection (i) of Rule 6140 – Equities would become new subsection (h).

2. Statutory Basis

The proposed rule change is consistent with Section 6(b)¹² of the Act, in general, and furthers the objectives of Section 6(b)(5),¹³ in particular, in that 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, and to remove impediments to and perfect the mechanism of a free and open market and a national market system.

Specifically, the Exchange believes that eliminating GTC Orders and Stop Orders removes impediments to and perfects a national market system by simplifying functionality and

¹² 15 U.S.C. § 78f(b).

¹³ 15 U.S.C. § 78f(b)(5).

complexity of its order types. The Exchange believes that eliminating these order types would not be inconsistent with the public interest and the protection of investors because investors will not be harmed and in fact would benefit from the removal of complex functionality. Because Stop Orders, when elected, can exacerbate market volatility and result in executions in declining markets at prices significantly different than the quoted price, the Exchange believes that eliminating them would reduce the potential for orders on the Exchange to cause significant price dislocation. The Exchange also believes that eliminating GTC Orders would benefit investors because it shifts the responsibility to monitor best execution obligations on behalf of a customer to the member organization entering the order, rather than leaving a GTC order at the Exchange until it gets executed.

The Exchange further believes that deleting corresponding references in Exchange rules to deleted order types also 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 orders types available for trading on the Exchange. Removing obsolete cross references also furthers the goal of transparency and adds clarity to the Exchange's rules.

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 would rather remove complex functionality and obsolete cross-references, 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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act¹⁴ and Rule 19b-4(f)(6) thereunder.¹⁵ 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.

A proposed rule change filed under Rule 19b-4(f)(6)¹⁶ normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),¹⁷ the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest.

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

¹⁴ 15 U.S.C. 78s(b)(3)(A)(iii).

¹⁵ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

¹⁶ 17 CFR 240.19b-4(f)(6).

¹⁷ 17 CFR 240.19b-4(f)(6)(iii).

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-NYSEMKT-2015-103 on the subject line.

Paper comments:

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NYSEMKT-2015-103. 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

¹⁸ 15 U.S.C. 78s(b)(2)(B).

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 offices 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-2015-103, 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

Robert W. Errett
Deputy Secretary

¹⁹ 17 CFR 200.30-3(a)(12).