

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-70104; File No. SR-NYSE-2013-55)

August 2, 2013

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending One of the Supplemental Liquidity Provider Credits In Its Price List

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that, on July 22, 2013, New York Stock Exchange LLC (the “Exchange” or “NYSE”) 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 Exchange. 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 one of the Supplemental Liquidity Provider (“SLP”) credits in its Price List. The Exchange proposes to implement the fee change effective August 1, 2013. 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

¹ 15 U.S.C. 78s(b)(1).

² 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 Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend one of the SLP credits in its Price List. The Exchange proposes to implement the fee change effective August 1, 2013.

SLPs are eligible for certain credits when adding liquidity to the Exchange.³ The amount of the credit is determined by the "tier" that the SLP qualifies for, which is generally based on the SLP's level of quoting and the average daily volume ("ADV") of liquidity added by the SLP in assigned securities, excluding early closing days for the ADV calculation.

The Exchange provides a credit of \$0.0025 per transaction, or \$0.0020 per transaction for Non-Displayed Reserve Orders,⁴ for an SLP that adds liquidity to the NYSE in securities with a per share price of \$1.00 or more if the SLP (i) meets the 10% average or more quoting requirement in an assigned security pursuant to 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 consolidated ADV ("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

³ The SLP program provides incentives for quoting and adds competition to the existing group of liquidity providers. An SLP can either be a proprietary trading unit of a member organization (an "SLP-Prop") or a registered market maker at the Exchange (an "SLMM"). See NYSE Rule 107B.

⁴ A Non-Displayed Reserve Order is a limit order that is not displayed, but remains available for potential execution against all incoming automatically executing orders until executed in full or cancelled. See NYSE Rule 13 (Definitions of Orders).

that is at least an 0.18% increase over the SLP's September 2012 Adding ADV⁵ ("SLP Baseline ADV"), and (iv) has a minimum provide ADV for all assigned SLP securities of 12 million shares.⁶

The Exchange proposes to amend the third requirement for this credit to require that the SLP add 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 Baseline ADV plus 0.18% of NYSE CADV in the billing month.⁷ For example, assume that an SLP's Baseline ADV is 15 million shares, and NYSE CADV in the billing month is 3.5 billion shares. To meet the third requirement for this credit under the current Price List, the SLP will need to add 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 of at least 15,027,000 shares (1.0018 x the SLP's Baseline ADV of 15 million shares). Under the proposed change, the SLP will need to add liquidity for all assigned SLP securities in the aggregate of an ADV during the billing month that is at least 6.3 million shares (3.5 billion NYSE CADV x 0.18%) more than the SLP's Baseline ADV, or a total adding liquidity of at least 21.3 million shares (6.3 million shares plus the SLP's Baseline ADV of 15 million shares). The remaining requirements for this credit will remain the same.

⁵ Adding ADV is ADV that adds liquidity to the NYSE during the billing month. Adding ADV excludes any liquidity added by a Designated Market Maker.

⁶ See Securities Exchange Act Release No. 68021 (October 9, 2012), 77 FR 63406 (October 16, 2012) (SR-NYSE-2012-50).

⁷ The Exchange notes that its affiliate, NYSE Arca Equities, Inc., recently implemented a similar requirement for its "Tape B Step Up Tier." See Securities Exchange Act Release No. 69926 (July 3, 2013), 78 FR 41154 (SR-NYSEArca-2013-67).

The Exchange notes that the proposed change is not otherwise intended to address any other issues, and the Exchange is not aware of any problems that member organizations, including SLPs, would have in complying with the proposed change. The Exchange believes that it is subject to significant competitive forces, as described below in the Exchange's statement regarding the burden on competition.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,⁸ in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,⁹ 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.

The Exchange believes it is reasonable to amend the requirement for the credit so that SLPs will be required to provide an ADV during the billing month that is at least equal to the SLP Baseline ADV plus 0.18% of NYSE CADV because the revised requirement will encourage SLPs to provide a higher level of liquidity in their assigned securities based on trading activity in that billing month, rather than relating it only to September 2012 activity. The Exchange believes the proposed changes to the requirement for the credit are equitable and not unfairly discriminatory because the credit is open to all SLPs on an equal basis. In addition, SLPs have higher quoting obligations than other market participants, and in turn provide higher volumes of liquidity, which contributes to price discovery and benefits all market participants. As such, it is equitable and not unfairly discriminatory to offer SLPs credits that are relatively higher than other market participants that do not have such obligations.

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(4) and (5).

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.

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

In accordance with Section 6(b)(8) of the Act,¹⁰ 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. Specifically, the Exchange believes the revised credit for SLPs reflects the need for the Exchange to adjust financial incentives to attract order flow.

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 credits available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees and credits 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 trading practices, the Exchange believes that the degree to which fee or credit 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 change 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.

¹⁰ 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)¹¹ of the Act and subparagraph (f)(2) of Rule 19b-4¹² 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)¹³ 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-2013-55 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.

¹¹ 15 U.S.C. 78s(b)(3)(A).

¹² 17 CFR 240.19b-4(f)(2).

¹³ 15 U.S.C. 78s(b)(2)(B).

All submissions should refer to File Number SR-NYSE-2013-55. 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-NYSE-2013-55 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.¹⁴

Kevin M. O'Neill
Deputy Secretary

¹⁴ 17 CFR 200.30-3(a)(12).