

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-71684; File No. SR-NYSE-2014-09)

March 11, 2014

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending the NYSE Price List and to Make the Fee Changes Operative March 1, 2014

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 February 24, 2014, New York Stock Exchange LLC (“NYSE” or “Exchange”) 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 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) amend the fee for certain market at-the-close (“MOC”) and limit at-the-close (“LOC”) orders; (ii) amend the fee for Midpoint Passive Liquidity (“MPL”) orders; (iii) add a new credit for certain non-Floor broker transactions; (iv) increase the fee for certain non-Floor broker transactions; (v) increase the fee for certain Floor broker transactions; (vi) introduce additional credits for certain Floor broker transactions; (vii) increase the fee for certain Designated Market Maker (“DMM”) transactions; (viii) increase the credits for certain DMM transactions; (ix) introduce a monthly DMM credit for certain securities; and (x) revise the credits for Supplemental Liquidity Providers (“SLPs”). The proposed fees would be operative on March 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,

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

and at the Commission's Public Reference Room.

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

1. Purpose

The Exchange proposes to amend its Price List to (i) amend the fee for certain MOC and LOC orders; (ii) amend the fee for MPL orders; (iii) add a new credit for certain non-Floor broker transactions; (iv) increase the fee for certain non-Floor broker transactions; (v) increase the fee for certain Floor broker transactions; (vi) introduce additional credits for certain Floor broker transactions; (vii) increase the fee for certain DMM transactions; (viii) increase the credits for certain DMM transactions; (ix) introduce a monthly DMM credit for certain securities; and (x) revise the credits for SLPs. The proposed fees would be operative on March 1, 2014.

MOC and LOC Orders

Currently, the Exchange charges \$0.00055 per share per transaction (charged to both sides) for all MOC and LOC orders if a member organization executes an average daily trading volume ("ADV") of MOC and LOC activity on the Exchange in that month of at least 0.375% of consolidated ADV in NYSE-listed securities during the billing month ("NYSE CADV"). The Exchange proposes to add an alternative way to qualify for the \$0.00055 per share per

transaction fee. Specifically, the Exchange proposes to charge \$0.00055 per share per transaction (charged to both sides) for all MOC and LOC orders if a member organization executes an ADV of MOC and LOC activity on the Exchange in that month of at least 0.300% of NYSE CADV plus an ADV of total close (MOC/LOC and executions at the close) activity on the Exchange in that month of at least 0.475% of NYSE CADV.

The Exchange also proposes to make a non-substantive change to the Price List to delete the language specifically excluding odd lots through January 31, 2014, as that language is no longer operative.³

MPL Orders

The Exchange currently charges \$0.0025 per share for all MPL orders that remove liquidity from the Exchange if the security is priced \$1.00 or more, for all participants, including Floor brokers and DMMs. The Exchange proposes to increase the fee for MPL orders that remove liquidity from the Exchange if the security is priced \$1.00 or more to \$0.0026 per share. The Exchange notes that this fee increase is consistent with the other proposed fee increases for taking liquidity, discussed below.⁴

Non-Floor Brokers

The Exchange proposes to establish a \$0.0019 per share credit per transaction for all non-Floor broker transactions that add liquidity to the Exchange if the member organization executes an ADV during the billing month of at least 1 million shares in Retail Price Improvement Orders

³ See Securities Exchange Act Release No. 70997 (Dec. 5, 2013), 78 FR 75432 (Dec. 11, 2013) (SR-NYSE-2013-78).

⁴ MPL Orders are not be eligible for any tiered or additional credits or reduced fees even if the MPL Orders contribute to a member organization qualifying for an additional credit. As such, the Exchange proposes to make conforming changes consistent with this approach. Where the MPL Order fee or credit does not differ from the current fee or credit, the Exchange has not proposed a change to the Price List.

(“RPIs”)⁵ and a Customer Electronic Adding ADV⁶ during the billing month of at least 5 million shares.⁷ The Exchange notes that a member organization’s provide volume in RPIs would also count toward the 5 million share Customer Electronic Adding ADV threshold if the RPIs meet the definition of Customer Electronic Adding ADV. For example, if a member organization executes an ADV of 1.1 million shares in RPIs and only 500,000 shares of that provide volume adds liquidity in customer electronic orders to the Exchange, excluding any liquidity added by a Floor broker, DMM, or SLP, then only those 500,000 shares would count toward the 5,000,000 share threshold.

Currently, the Exchange charges \$0.0025 per share for all non-Floor broker transactions that take liquidity from the Exchange if the security is priced \$1.00 or more. The Exchange proposes to increase this fee to \$0.0026 per share.

Floor Brokers

Currently, the Exchange charges \$0.0020 per share for all Floor broker transactions that take liquidity from the Exchange from any member organization executing an ADV in such Floor broker transactions that is at least 10% more than their May 2013 ADV for such Floor broker transaction if the security is priced \$1.00 or more. The Exchange currently charges \$0.0022 per share for all other Floor broker transactions that take liquidity from the Exchange if

⁵ “RPI” is defined in NYSE Rule 107C(a)(4) and consists of non-displayed interest in NYSE-listed securities that is priced better than the best protected bid or best protected offer, as such terms are defined in Regulation NMS Rule 600(b)(57), by at least \$0.001 and that is identified as such.

⁶ “Customer Electronic Adding ADV” is ADV that adds liquidity in customer electronic orders to the Exchange and excludes any liquidity added by a Floor broker, DMM, or SLP. See Price List.

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

the security is priced \$1.00 or more. The Exchange proposes to increase these fees from \$0.0020 to \$0.0021 per share and \$0.0022 to \$0.0023 per share, respectively.⁸

In addition, the Exchange currently offers a \$0.0019 credit per share for executions of orders sent to the Floor broker for representation on the Exchange when adding liquidity to the Exchange. The Exchange proposes to offer additional tiered credits for executions of orders sent to the Floor broker for representation on the Exchange when adding liquidity to the Exchange if the member organization adds liquidity to the Exchange by the Floor broker during the billing month that meets the following thresholds: (i) a \$0.0020 credit for adding at least 2 million shares ADV; (ii) a \$0.0021 credit for adding at least 4 million shares ADV; and (iii) a \$0.0023 credit for adding at least 14 million shares ADV.⁹

DMMs

Currently, the Exchange charges \$0.0025 per share for all DMM transactions that take liquidity from the Exchange if the security is priced \$1.00 or more. The Exchange proposes to increase this fee to \$0.0026 per share.

In addition, DMMs are currently eligible for a per share credit when adding liquidity in shares of each More Active Security¹⁰ if the More Active Security has a stock price of \$1.00 or more, the DMM meets both the More Active Securities Quoting Requirement¹¹ and the More

⁸ The applicable \$0.0026 MPL order fee would not [sic] change as a result of this proposal.

⁹ The applicable \$0.0015 MPL order credit would not change as a result of this proposal.

¹⁰ A “More Active Security” is one with a consolidated ADV in the previous month equal to or greater than one million shares. See Price List.

¹¹ A DMM meets the “More Active Securities Quoting Requirement” when a More Active Security has a stock price of \$1.00 or more and the DMM quotes at the National Best Bid or Offer (“NBBO”) in the applicable security at least 10% of the time in the applicable month. See Price List.

Active Securities Quoted Size Ratio Requirement,¹² and the DMM's providing liquidity meets certain thresholds, as follows: \$0.0026 per share if the DMM's providing liquidity is 15% or less of the NYSE's total intraday adding liquidity in each such security for that month;¹³ or \$0.0030 per share if the DMM's providing liquidity is more than 15% of the NYSE's total intraday adding liquidity in each such security for that month. The Exchange proposes to raise the \$0.0026 per share credit to \$0.0029 per share and raise the \$0.0030 per share credit to \$0.0032 per share.¹⁴

The Exchange is also proposing to pay DMMs a monthly credit of \$200, in addition to the current rate on transactions, for each security that has a consolidated ADV of less than 250,000 shares during the billing month in any month in which the DMM meets the Less Active Securities Quoting Requirement.¹⁵ This additional flat dollar credit will supplement the DMM credit in securities that do not trade actively and will be applicable to all Exchange-listed securities regardless of price.

¹² A DMM meets the "More Active Securities Quoted Size Ratio Requirement" when the DMM Quoted Size for an applicable month is at least 15% of the NYSE Quoted Size. The "NYSE Quoted Size" is calculated by multiplying the average number of shares quoted on the NYSE at the NBBO by the percentage of time the NYSE had a quote posted at the NBBO. The "DMM Quoted Size" is calculated by multiplying the average number of shares of the applicable security quoted at the NBBO by the DMM by the percentage of time during which the DMM quoted at the NBBO. See Price List at n. 8.

¹³ The NYSE total intraday adding liquidity is totaled monthly and includes all NYSE adding liquidity, excluding NYSE open and NYSE close volume, by all NYSE participants, including SLPs, customers, Floor brokers and DMMs. See Price List.

¹⁴ The applicable \$0.0015 MPL order credit would not change as a result of this proposal.

¹⁵ The DMM meets the "Less Active Securities Quoting Requirement" when a security has a consolidated ADV of less than 1,000,000 shares per month in the previous month and a stock price of \$1.00 or more, and the DMM quotes at the NBBO in the applicable security at least 15% of the time in the applicable month.

SLPs

The Exchange currently offers a \$0.0023 (\$0.0018 for Non-Displayed Reserve Orders) credit per share per transaction for SLPs that add liquidity to the Exchange 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 shall not be aggregated) (“Assigned Security Quoting Requirement”) and (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. The Exchange also offers a \$0.0027 (\$0.0022 for Non-Displayed Reserve Orders) credit per share per transaction for SLPs that add liquidity to the Exchange in securities with a per share price of \$1.00 or more, if the SLP (i) meets the 10% average or more Assigned Security Quoting Requirement, (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 a 0.18% increase over the SLP’s September 2012 Adding ADV, and (iv) has a minimum provide ADV for all assigned SLP securities of 12 million shares.

The Exchange proposes to revise these SLP credits and offer an additional credit. First, the Exchange proposes to reduce the second requirement to receive the \$0.0023 (\$0.0018 for Non-Displayed Reserve Orders) credit per share from an ADV of more than 0.22% of NYSE CADV to an ADV of more than 0.20% of NYSE CADV. Second, the Exchange proposes to add an additional credit of \$0.0025 (\$0.0020 for Non-Displayed Reserve Orders) per share per

transaction for SLPs that add liquidity to the Exchange in securities with a per share price of \$1.00 or more, if the SLP (i) meets the 10% average or more Assigned Security Quoting Requirement and (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 0.30% of NYSE CADV. Lastly, the Exchange proposes to raise the \$0.0027 (\$0.0022 for Non-Displayed Reserve Orders) credit to \$0.0029 (\$0.0024 for Non-Displayed Reserve Orders), increase the second requirement from an ADV of more than 0.22% of NYSE CADV to an ADV of more than 0.55% of NYSE CADV, and eliminate the third and fourth requirements to receive the credit.¹⁶ The Exchange notes that the first requirement for the proposed credits would be the same, but the second requirement would increase as the credits increase. The Exchange would also make a conforming change to footnote 8 in the Price List to reflect the proposed revisions to the thresholds.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,¹⁷ in general, and furthers the objectives of Sections 6(b)(4) and (5) of the Act,¹⁸ 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 that the proposed new method to qualify for the \$0.00055 per share per transaction fee for MOC and LOC orders is reasonable because it would provide

¹⁶ The applicable \$0.0015 MPL order credit would not change as a result of this proposal.

¹⁷ 15 U.S.C. 78f(b).

¹⁸ 15 U.S.C. 78f(b)(4) and (5).

member organizations with an alternative way in which to qualify for the reduced fee, thereby encouraging member organizations to provide higher volumes of MOC and LOC orders and total close activity, which will contribute to the quality of the Exchange's closing auction and provide market participants with MOC and LOC orders, or whose orders are swept into the close, with a greater opportunity for execution. The Exchange believes that the proposed tier is equitable and not unfairly discriminatory because all member organizations will be subject to the same fee structure, which will automatically adjust based on prevailing market conditions. The Exchange believes that it is equitable and not unfairly discriminatory to charge a lower fee to member organizations that make significant contributions to market quality by providing higher volumes of liquidity, which benefits all market participants.

The Exchange believes that raising the taking liquidity fee for MPL orders is reasonable because the fee would be the same as the fee that would otherwise apply for all other non-Floor broker transactions. The Exchange notes that the proposed fee is less than the fee charged by at least one other exchange for MPL orders.¹⁹ The Exchange also believes that the proposed fee increase is equitable and not unfairly discriminatory because all market participants that use the MPL order type will pay the same fee.

The Exchange believes that the proposed credit for member organizations that execute an ADV during the billing month of at least 1 million shares in RPIs and a Customer Electronic Adding ADV during the billing month of at least 5 million shares is reasonable, equitable, and

¹⁹ For Tape A Securities under its Tier 1, Tier 2, and Basic Rate Tier, the Exchange's affiliate, NYSE Arca Equities, Inc., currently charges \$0.0030 per share for all MPL orders that remove liquidity. See NYSE Arca Equities, Inc. Schedule of Fees and Charges, available at https://usequities.nyx.com/sites/usequities.nyx.com/files/nyse_arca_marketplace_fees__for_2-1-14.pdf.

not unfairly discriminatory because it will incentivize member organizations to submit RPIs and, therefore, contribute to robust amounts of RPI liquidity being available for interaction with retail orders submitted by other market participants. The proposed credit would also encourage overall liquidity in customer electronic orders that add liquidity to the Exchange. The Exchange believes that raising the taking liquidity fee for non-Floor brokers is reasonable in light of the increased credits the Exchange is proposing in order to increase liquidity on the Exchange. The Exchange believes the increased fee is equitable and not unfairly discriminatory because all similarly situated non-Floor brokers will be subject to the same fee structure.

The Exchange believes that the proposed tiered credits for executions of orders sent to the Floor broker for representation on the Exchange are reasonable because they encourage additional displayed liquidity on the Exchange. The Exchange believes the new credits are equitable and not unfairly discriminatory because they allocate a higher rebate to Floor brokers that make significant contributions to market quality and that contribute to price discovery by providing higher volumes of liquidity. The Exchange believes that raising the taking liquidity fees for Floor brokers is reasonable because it is designed to strike a balance in the fees and incentives offered by the Exchange for taking and providing liquidity. The Exchange believes the increased fees are equitable and not unfairly discriminatory because all similarly situated Floor brokers will be subject to the same fee structure.

The Exchange believes that increasing the credits for DMM transactions in More Active Securities is reasonable because it will encourage greater liquidity and competition in such securities on the Exchange. The Exchange believes that the proposed monthly credit of \$200 is reasonable because it will increase the incentive to add liquidity across thinly traded securities where there may be fewer liquidity providers. The Exchange believes it is equitable and not

unfairly discriminatory to allocate higher or additional credits to DMMs rather than to other market participants because DMMs have higher quoting obligations, and in turn provide higher volumes of liquidity, which contributes to price discovery and benefits all market participants. The Exchange believes that raising the taking liquidity fee for DMMs is reasonable in light of the increased credits the Exchange is proposing in order to increase liquidity on the Exchange. The Exchange believes the increased fee is equitable and not unfairly discriminatory because all similarly situated DMMs will be subject to the same fee structure.

The Exchange believes that the proposed credits 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 an added incentive for SLPs to provide liquidity in assigned securities. This is reasonable because the added incentive created by the availability of the increased credits 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). The Exchange believes that the proposed increase in the credits is equitable and not unfairly discriminatory because, as is currently the case under the existing rates, the credits are available to all qualifying SLPs on an equal basis and because the credits are reasonably related to the value to the Exchange's market quality associated with higher volumes. In addition, the Exchange believes that the proposed credits are reasonable, equitable, and not unfairly discriminatory because they would provide a simplified approach that will automatically adjust based on prevailing market conditions.

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

In accordance with Section 6(b)(8) of the Act,²⁰ 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 Exchange believes that the proposed fees for certain MOC and LOC orders will not place a burden on competition because the Exchange is establishing an alternative way for member organizations to achieve the reduced fee, which would allow more member organizations to compete and qualify for the fee. The Exchange believes that the new and revised fees and credits for non-Floor brokers, Floor brokers, and DMMs would not burden competition. Rather, the Exchange believes that the proposed changes strike an appropriate balance between fees and credits, which will create an incentive to submit orders to the Exchange, thereby promoting competition. The revised credits for certain SLP executions would not burden competition because all SLPs would have the opportunity to qualify for the credits. The credits would create an added incentive for SLPs to provide liquidity on the Exchange, thereby also contributing to the Exchange's competitiveness with other markets.

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 or credit levels at a particular venue to be unattractive. In such an environment, the Exchange must continually review, and consider adjusting, its fees and credits to remain competitive with other exchanges. For these reasons, the Exchange believes that the proposed rule change reflects this competitive environment and is therefore consistent with the Act.

²⁰ 15 U.S.C. 78f(b)(8).

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)²¹ of the Act and subparagraph (f)(2) of Rule 19b-4²² 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)²³ 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-2014-09 on the subject line.

²¹ 15 U.S.C. 78s(b)(3)(A).

²² 17 CFR 240.19b-4(f)(2).

²³ 15 U.S.C. 78s(b)(2)(B).

Paper comments:

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

All submissions should refer to File Number SR-NYSE-2014-09. 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 such 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-2014-09 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.²⁴

Kevin M. O'Neill
Deputy Secretary

²⁴ 17 CFR 200.30-3(a)(12).