

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-75556; File No. SR-NYSE-2015-31)

July 30, 2015

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing of Proposed Rule Change Amending the NYSE Trades Market Data Product Offering

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 16, 2015, 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 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 the NYSE Trades market data product offering. 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 C below, of the most significant parts of such statements.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 the NYSE Trades market data feed product offering.

NYSE Trades is an NYSE-only last-sale market data feed. NYSE Trades currently allows vendors, broker-dealers and others to make available on a real-time basis the same last sale information that the Exchange reports under the Consolidated Tape Association ("CTA") Plan for inclusion in the CTA Plan's consolidated data streams. Specifically, the NYSE Trades feed includes, for each security traded on the Exchange, the real-time last sale price, time and size information and bid/ask quotations and a stock summary message. The stock summary message updates every minute and includes NYSE's opening price, high price, low price, closing price, and cumulative volume for the security.³

The Exchange has determined to modify the data content of NYSE Trades to remove the bid/ask data and to provide the individual orders that make up each reported trade.

First, as noted above, the NYSE Trades data feed currently includes related bid/ask information at the time of each reported trade. The Exchange proposes to remove this limited bid/ask information from the NYSE Trades feed, thereby focusing the NYSE Trades feed on NYSE last sale information. This change would streamline the NYSE Trades content, as well as align NYSE Trades content with that of last sale data feeds offered by other exchanges.⁴ The NYSE BBO data feed includes, and would continue to include, the best bids and offers for all

³ See Securities Exchange Act Release Nos. 62187 (May 27, 2010), 75 FR 31500 (June 3, 2010) (SR-NYSEAmex-2010-35), 70065 (July 30, 2013), 78 FR 47450 (Aug. 5, 2013) (SR-NYSEMKT-2013-64) and 69273 (April 2, 2013), 78 FR 20969 (April 8, 2013) (SR-NYSEMKT- 2013-30).

⁴ See NASDAQ Rule 7039 (Nasdaq Last Sale) and BATS Rule 11.22(g) (BATS Last Sale).

securities that are traded on the Exchange for which NYSE reports quotes under the Consolidated Quotation (“CQ”) Plan for inclusion in the CQ Plan’s consolidated quotation information data stream.⁵

Second, the Exchange currently reports to the CTA and distributes on a real-time basis via NYSE Trades the real-time NYSE last sale price information based on the completed trade of an arriving order. For example, if an arriving order of 1000 shares trades with five resting orders of 200 shares each, the Exchange reports a completed trade of 1000 shares. The Exchange proposes to distribute NYSE last sale information in NYSE Trades in a format that would be based on the individual resting orders that comprise the completed trade. In the example above, the Exchange would distribute via NYSE Trades the real-time NYSE last sale information of five executions of 200 shares each, with the same time stamp for each individual component of the trade. These five transactions would have the same time stamp and would comprise the same information that is being provided to the CTA regarding the completed trade, which would not change. The Exchange would continue to make NYSE last sale information available through NYSE Trades immediately after it provides last sale information to the processor under the CTA Plan.

The Exchange expects to offer both the current NYSE Trades data product and the proposed NYSE Trades data product for a limited transition period. After the transition period, the Exchange would stop offering the current NYSE Trades data product and offer only the NYSE Trades data product proposed in this filing. The Exchange would announce the transition dates in advance. There would be no change to the fees for NYSE Trades in connection with the proposed changes.

⁵ See Securities Exchange Act Release No. 72326 (June 5, 2014), 79 FR 33605 (June 11, 2014) (SR-NYSEMKT-2014-49).

2. Statutory Basis

The proposed rule change is consistent with Section 6(b)⁶ of the Act, in general, and furthers the objectives of Section 6(b)(5)⁷ of the Act, 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, 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, and it is not designed to permit unfair discrimination among customers, brokers, or dealers.

The Exchange believes that modifying the NYSE Trades product to remove the bid/ask information it currently includes and to provide only NYSE last sale information would streamline the product and clarify the purpose and use for each of the NYSE proprietary market data products. The amended feed would also align NYSE Trades' content with that of last sale data feeds offered by other exchanges, which similarly offer last sale market data products that do not include bid and offer information.⁸

The Exchange believes that modifying the NYSE Trades product to report last-sale information based on trades of individual resting orders, rather than based on the completed trade of an arriving order at a price, would remove impediments to and perfect the mechanism of a free and open market by providing vendors and subscribers who desire it with more granular trade information, thus promoting competition and innovation. The Exchange would continue to

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(5).

⁸ See supra note 4.

report to the CTA the last sale prices that reflect a completed trade⁹ and the NYSE Trades product would report the same volume and prices, but with more granularity regarding individual components of each completed trade. In adopting Regulation NMS, the Commission granted self-regulatory organizations and broker-dealers increased authority and flexibility to offer new and unique market data to consumers of such data. It was believed that this authority would expand the amount of data available to users and consumers of such data and also spur innovation and competition for the provision of market data. The Exchange believes that the data product modifications proposed herein, by focusing the NYSE Trades feed on last sale data by removing the bid/ask data, and by reporting last-sale information based on trades of resting orders, is precisely the sort of market data product enhancement that the Commission envisioned when it adopted Regulation NMS. The proposed changes are consistent with the requirements of the CTA Plan to provide the last sale prices reflecting completed transactions and with the principles embodied in Regulation NMS regarding the provision of market data by self-regulatory organizations to consumers of such data. The Commission concluded that Regulation NMS – by lessening regulation of the market in proprietary data – would itself further the Act’s goals of facilitating efficiency and competition:

[E]fficiency is promoted when broker-dealers who do not need the data beyond the prices, sizes, market center identifications of the NBBO and consolidated last sale information are not required to receive (and pay for) such data. The Commission also believes that efficiency is promoted when broker-dealers may choose to receive

⁹ Pursuant to the CTA Plan, available here, <https://www.ctaplan.com/publicdocs/ctaplan/notifications/plans/trader-update/5929.pdf>, Participants to the CTA Plan are required to report “Last sale price information,” which means “(i) the last sale prices reflecting completed transaction in Eligible Securities, (ii) the volume and other information related to those transactions, (iii) the identifier of the Participant furnishing the prices and (iv) other related information.”

(and pay for) additional market data based on their own internal analysis of the need for such data.¹⁰

By removing “unnecessary regulatory restrictions” on the ability of exchanges to sell their own data, Regulation NMS advanced the goals of the Act and the principles reflected in its legislative history.

The Exchange further notes that the existence of alternatives to the Exchange’s products, including real-time consolidated data, free delayed consolidated data, and proprietary data from other sources, ensures that the Exchange is not unreasonably discriminatory because vendors and subscribers can elect these alternatives. In addition, the proposal would not permit unfair discrimination because the modified product would be available to all of the Exchange’s vendors and customers on an equivalent basis.

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 market for proprietary data products is currently competitive and inherently contestable because there is fierce competition for the inputs necessary to the creation of proprietary data. Numerous exchanges compete with each other for listings, trades, and market data itself, providing virtually limitless opportunities for entrepreneurs who wish to produce and distribute their own market data. This proprietary data is produced by each individual exchange, as well as other entities (such as internalizing broker-dealers and various forms of alternative trading systems, including dark pools and electronic communication networks), in a vigorously competitive market. It is common for market participants to further and exploit this competition by sending their order

¹⁰ See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496 (June 29, 2005) (File No. S7-10-04).

flow and transaction reports to multiple markets, rather than providing them all to a single market.

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 such 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-NYSE-2015-31 on the subject line.

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-2015-31. 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 NYSE. 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-2015-31 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.¹¹

Robert W. Errett
Deputy Secretary

¹¹ 17 CFR 200.30-3(a)(12).