

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-69134; File No. SR-NYSEARCA-2013-24)

March 14, 2013

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending the NYSE Arca Equities Schedule of Fees and Charges for Exchange Services with Respect to the Retail Order Tier

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 March 1, 2013, NYSE Arca, Inc. (the “Exchange” or “NYSE Arca”) 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 the NYSE Arca Equities Schedule of Fees and Charges for Exchange Services (“Fee Schedule”) with respect to the Retail Order Tier. The Exchange proposes to implement the fee changes on March 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

¹ 15 U.S.C.78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

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 the Fee Schedule with respect to the Retail Order Tier. The Exchange proposes to implement the fee changes on March 1, 2013.

Currently, ETP Holders, including Market Makers, receive a \$0.0032 per share credit for Retail Orders⁴ that provide liquidity in Tape A, Tape B, and Tape C Securities if the ETP Holder executes an average daily volume ("ADV") of Retail Orders during the month that is 0.40% or more of the United States Consolidated Average Daily Volume ("US CADV") for transactions reported to the Consolidated Tape. For all other fees and credits, tiered or basic rates apply based on a firm's qualifying levels. The Exchange proposes to (i) lower the ADV requirement for the Retail Order Tier from 0.40% of US CADV to 0.20% of US CADV and (ii) increase the credit from \$0.0032 to \$0.0033 per share. The Exchange is proposing these changes because it wants to encourage participation from a greater number of ETP Holders, which would promote additional liquidity in Retail Orders.

⁴ A Retail Order is an agency order that originates from a natural person and is submitted to the Exchange by an ETP Holder, provided that no change is made to the terms of the order with respect to price or side of market and the order does not originate from a trading algorithm or any other computerized methodology. See Securities Exchange Act Release No. 67540 (July 30, 2012), 77 FR 46539 (August 3, 2012) (SR-NYSEArca-2012-77).

The proposed change is not otherwise intended to address any other problem, and the Exchange is not aware of any significant problem that ETP Holders would have in complying with the proposed change.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Securities Exchange Act of 1934 (the “Act”),⁵ in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,⁶ 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 lowering the ADV requirement for the Retail Order Tier from 0.40% of US CADV to 0.20% of US CADV and increasing the credit from \$0.0032 to \$0.0033 per share is reasonable because the Exchange believes it would encourage participation from a greater number of ETP Holders, which would promote additional liquidity in Retail Orders. In this regard, the Exchange believes that maintaining or increasing the proportion of Retail Orders in exchange-listed securities that are executed on a registered national securities exchange (rather than relying on certain available off-exchange execution methods) would contribute to investors’ confidence in the fairness of their transactions and would benefit all investors by deepening the Exchange’s liquidity pool, supporting the quality of price discovery, promoting market transparency and improving investor protection. The Exchange also believes that lowering the threshold and increasing the credit is reasonable because the current threshold

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(4) and (5).

and credit have not encouraged sufficient additional liquidity and competition in Retail Orders on the Exchange. The Exchange believes that lowering the ADV requirement for the Retail Order Tier is equitable and not unfairly discriminatory because all similarly ETP Holders would be subject to the same fee structure. The Exchange also believes that the proposed change is equitable and not unfairly discriminatory because it is not the only manner in which ETP Holders may qualify for additional credits. The Exchange notes that certain other existing pricing Tiers within the Fee Schedule make credits available to ETP Holders that are also based on the ETP Holder's level of activity as a percentage of US CADV. These existing percentage thresholds, depending on other related factors and the level of the corresponding credits, are within a range that is consistent with the 0.20% proposed herein.⁷ Lastly, the Exchange believes that lowering the ADV requirement for the Retail Order Tier would allow more ETP Holders to qualify for the \$0.0033 credit, which is equitable and not unfairly discriminatory because the Retail Order Tier is optional and available to all ETP Holders on an equal and non-discriminatory basis.

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

The Exchange does not believe that the proposed rule change would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act because lowering the ADV requirement for the Retail Order Tier would encourage more ETP Holders to place Retail Orders, which would promote competition in Retail Orders on the Exchange. As stated above, the Exchange believes that the proposed change would impact all similarly situated market participants equally, and as such, the proposed change would not impose a disparate burden on competition either among or between classes of market

⁷ For example, Tier 3 requires, in part, that an ETP Holder provide liquidity of 0.20% or more, but less than 0.30% of the US CADV in order to qualify for a credit of \$0.0022 or \$0.0025 per share for orders that provide liquidity on the Exchange. However, Tier 3 is not limited to providing liquidity in Retail Orders.

participants. In addition, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues. In such an environment, the Exchange must continually review, and consider adjusting, its fees and credits to remain competitive with other exchanges. For the reasons described above, the Exchange believes that the proposed rule change promotes a competitive environment.

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)⁸ of the Act and subparagraph (f)(2) of Rule 19b-4⁹ 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)¹⁰ of the Act to determine whether the proposed rule change should be approved or disapproved.

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 CFR 240.19b-4(f)(2).

¹⁰ 15 U.S.C. 78s(b)(2)(B).

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-NYSEARCA-2013-24 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-NYSEARCA-2013-24. 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-NYSEARCA-2013-24 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

Kevin M. O'Neill
Deputy Secretary

¹¹ 17 CFR 200.30-3(a)(12).