

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-74436; File No. SR-NYSEARCA-2015-09)

March 4, 2015

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending the NYSE Arca Options Fee Schedule Relating to Strategy Executions

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (the “Act”)<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that, on February 24, 2015, 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 Options Fee Schedule (“Fee Schedule”) relating to Strategy Executions. The Exchange proposes to implement the change on March 1, 2015. The text of the proposed rule change is available on the Exchange’s website at [www.nyse.com](http://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

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<sup>1</sup> 15 U.S.C.78s(b)(1).

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 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 Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of this filing is to modify the Exchange's Limit on Fees on Options Strategy Executions ("Strategy Cap"). Currently, the Exchange imposes a Strategy Cap of \$750 on transaction fees for certain Strategy Executions executed in standard option contracts on the same trading day in the same option class. The Exchange is proposing to lower the \$750 Strategy Cap to \$700.<sup>4</sup> The Exchange proposes to implement the \$700 Strategy Cap on March 1, 2015.

Strategy Executions that are eligible for the Strategy Cap would continue to be (a) reversals and conversions, (b) box spreads, (c) short stock interest spreads, (d) merger spreads, and (e) jelly rolls. As is the case today, Royalty fees associated with Strategy Executions on Index and Exchange Traded Funds would not be included in the calculation of the Strategy Cap, but would be passed through to trading participants on the Strategy Executions on a pro-rata basis. Similarly, manual Broker Dealer and Firm Proprietary Strategy trades that do not reach the \$700 Strategy Cap would continue to be billed at \$0.25 per contract.

The use of these Strategy Executions benefits all market participants by increasing liquidity in general and allowing significant and complex trading interest to be brought together

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<sup>4</sup> Transaction fees on Strategy Executions are further capped at \$25,000 per month per initiating firm. The Exchange is not proposing to modify this \$25,000 monthly cap. Mini options are excluded from the Strategy Cap. See Fee Schedule, available at, [https://www.nyse.com/publicdocs/nyse/markets/arca-options/NYSE\\_Arca\\_Options\\_Fee\\_Schedule.pdf](https://www.nyse.com/publicdocs/nyse/markets/arca-options/NYSE_Arca_Options_Fee_Schedule.pdf).

to enhance liquidity. By encouraging this type of business on the Exchange, the increased liquidity benefits all market participants. The Exchange believes the proposed change would continue to incentivize market participants to trade on the Exchange by capping option transaction charges related to various Strategy Executions.

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,<sup>5</sup> in general, and furthers the objectives of Sections 6(b)(4) and (5) of the Act,<sup>6</sup> in particular, because it would provide 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 change is reasonable, equitable and not unfairly discriminatory because the reduced fee cap is designed to attract more volume and liquidity to the Exchange, which would benefit all Exchange participants through increased opportunities to trade as well as enhancing price discovery.

Further, because the proposed change applies equally to all non-Customers who may participate in Strategy Executions, the Exchange believes the reduced Strategy Cap is reasonable, equitable and not unfairly discriminatory. The Exchange notes that Customers are not charged transaction fees when participating in Strategy Executions and therefore are not subject to the Strategy Cap.

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<sup>5</sup> 15 U.S.C. 78f(b).

<sup>6</sup> 15 U.S.C. 78f(b)(4) and (5).

Finally, the Exchange notes that the proposed \$700 Strategy Cap is equivalent to the cap placed on various executions strategies by other exchanges.<sup>7</sup>

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,<sup>8</sup> 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 because the proposed changes apply uniformly to all Exchange members that incur transaction charges. To the contrary, the proposed change would continue to encourage members to transact strategies on the Exchange because the proposed fee caps are competitive with fee caps at other options exchanges.

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 reflects this 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.

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<sup>7</sup> See, e.g., NASDAQ OMX PHLX LLC fee schedule, available at, <http://www.nasdaqtrader.com/Micro.aspx?id=phlxpricing> (capping at \$700 transaction fees for all reversals, conversions, box spreads, and jelly roll strategies executed on the same trading day in the same option class); Chicago Board Options Exchange, Inc. fee schedule, available at, <http://www.cboe.com/publish/feeschedule/CBOEFeeSchedule.pdf> (capping at \$700 transaction fees for all reversals, conversions, and jelly roll strategies executed on the same trading day in the same option class).

<sup>8</sup> 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)<sup>9</sup> of the Act and subparagraph (f)(2) of Rule 19b-4<sup>10</sup> 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)<sup>11</sup> 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](mailto:rule-comments@sec.gov). Please include File Number SR-NYSEARCA-2015-09 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.

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<sup>9</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>10</sup> 17 CFR 240.19b-4(f)(2).

<sup>11</sup> 15 U.S.C. 78s(b)(2)(B).

All submissions should refer to File Number SR-NYSEARCA-2015-09. 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 the filing will also be available for inspection and copying at the NYSE's principal office and on its Internet website at [www.nyse.com](http://www.nyse.com). 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-2015-09, 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.<sup>12</sup>

Brent J. Fields  
Secretary

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<sup>12</sup> 17 CFR 200.30-3(a)(12).