

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-74492 ; File No. SR-NYSEArca-2015-13)

March 12, 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 Market Maker Posting Credit Tiers

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 March 2, 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 Market Maker Posting Credit Tiers. The Exchange proposes to implement the fee change effective March 2, 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 create an additional Market Maker Monthly Posting Credit Super Tier (“Super Tier II”) for Executions in Penny Pilot Issues and SPY. The Exchange proposes to implement the fee change effective March 2, 2015.

Currently, the Exchange has a Base Posting Credit rate, and two additional tiers with higher credit rates for Market Makers that meet certain volume criteria, as outlined in the table below.

**MARKET MAKER MONTHLY POSTING CREDIT SUPER TIER AND QUALIFICATIONS FOR EXECUTIONS IN PENNY PILOT ISSUES AND SPY<sup>8</sup>**

<b>Tier</b>	<b>Qualification Basis (Average Electronic Executions Per Day)</b>	<b>Credit Applied to Posted Electronic Market Maker Executions in Penny Pilot Issues (except SPY)</b>	<b>Credit Applied to Posted Electronic Market Maker Executions in SPY</b>
Base		(\$0.28)	(\$0.28)
Select Tier	30,000 Contracts from Market Maker Posted Orders in All Issues	(\$0.32)	(\$0.32)

Tier	Qualification Basis (Average Electronic Executions Per Day)		Credit Applied to Posted Electronic Market Maker Executions in Penny Pilot Issues (except SPY)	Credit Applied to Posted Electronic Market Maker Executions in SPY
Super Tier	80,000 Contracts from Market Maker Posted Orders in All Issues, or	200,000 Contracts Combined from all orders in Penny Pilot Issues, all account types, with at least 100,000 Contracts from Posted Orders in Penny Pilot Issues*	(\$0.37)	(\$0.39)
*Includes transaction volume from the Market Maker's affiliates.				

The Exchange is proposing to add another tier, Super Tier II, to provide an incentive for increased Market Maker activity on the Exchange.

As with the Super Tier, the proposed Super Tier II qualification would be 200,000 contracts, but only contracts traded for the account of a Market Maker would count and at least 110,000 of those contracts would have to be from Posted Orders or quotes from both Penny Pilot and non-Penny Pilot issues. Unlike Super Tier, contract volume from a Market Maker's affiliate would not be counted for determining whether a member qualified for fees in Super Tier II. Market Makers who meet the threshold for Super Tier II would receive a credit of \$0.42 applied to Posted Electronic Market Maker executions in Penny Pilot issues, including SPY.

In addition, the Exchange proposes to make a non-substantive change to the title of the table to more accurately reflect its contents, such that it reads: “MARKET MAKER MONTHLY POSTING CREDIT TIERS AND QUALIFICATIONS FOR EXECUTIONS IN PENNY PILOT ISSUES AND SPY.”

The Exchange is not proposing any other modifications to the Market Maker Posting Credits at this time.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,<sup>4</sup> in general, and furthers the objectives of Sections 6(b)(4) and (5) of the Act,<sup>5</sup> 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 change is reasonable because adding a new Super Tier II would encourage Market Makers to post greater volumes in all issues, including non-Penny Pilot issues, in order to qualify for the Super Tier II credit of \$0.42. The proposed change is also reasonable because it is designed to attract higher volumes of Market Maker Posted Orders to the Exchange, which would benefit all market participants by offering greater price discovery, increased transparency and trading opportunities on the Exchange. Encouraging Market Makers to send higher volumes of orders to the Exchange would also contribute to the Exchange’s depth of book as well as to the top of book liquidity.

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

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

The Exchange also believes that the proposed credits are reasonable because they are within a range of similar credits available on other option exchanges.<sup>6</sup> The Exchange believes that the proposed change is equitable and not unfairly discriminatory because it would apply to all Market Makers on an equal and non-discriminatory basis. The Exchange further believes that the proposed change is equitable and not unfairly discriminatory because it is reasonably related to the value to the Exchange's market quality associated with higher volumes in Market Maker Posted Orders, including both Penny Pilot issues and non-Penny Pilot issues.

The Exchange believes the non-substantive change to the title of the table would benefit all market participants as it would add clarity to the fee schedule.

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>7</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. Instead, the Exchange believes that the proposed change would continue to encourage competition, including by attracting additional liquidity to the Exchange, which would continue to make the Exchange a more competitive venue for, among other things, order execution and price discovery. The Exchange does not believe that the proposed change will impair the ability of Market Makers or competing order execution venues to maintain their competitive standing in the financial markets.

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<sup>6</sup> See, e.g., BATS Options Exchange fee schedule, available at, [http://www.batsoptions.com/support/fee\\_schedule/](http://www.batsoptions.com/support/fee_schedule/) (providing a (\$0.42) credit for certain market maker volume); NASDAQ Options Market fee schedule, available at, <http://www.nasdaqtrader.com/Micro.aspx?id=optionsPricing> (same).

<sup>7</sup> 15 U.S.C. 78f(b)(8).

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.

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) of the Act<sup>8</sup> and subparagraph (f)(2) of Rule 19b-4 thereunder,<sup>9</sup> 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) of the Act<sup>10</sup> to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

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<sup>8</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>9</sup> 17 CFR 240.19b-4(f)(2).

<sup>10</sup> 15 U.S.C. 78s(b)(2)(B).

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-2015-13 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-NYSEArca-2015-13. 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-NYSEArca-2015-13 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>11</sup>

Brent J. Fields  
Secretary

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<sup>11</sup> 17 CFR 200.30-3(a)(12).