

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-75102; File No. SR-NYSEArca-2015-48)

June 3, 2015

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending the NYSE Arca Options Fee Schedule to Modify Certain of Its Posting Credits

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 May 29, 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 the Substance of the Proposed Rule Change

The Exchange proposes to amend the NYSE Arca Options Fee Schedule (“Fee Schedule”) to modify certain of its posting credits. The Exchange proposes to implement the fee change effective June 1, 2015. 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

¹ 15 U.S.C.78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

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 Fee Schedule to modify certain of its posting credits. The Exchange proposes to implement the fee change effective June 1, 2015.

Currently, the Exchange offers Order Flow Providers (each an "OFP") a number of ways to earn posting credits for electronic Customer and Professional Customer executions on the Exchange, provided the OFP meets certain volume thresholds. The purpose of this filing is to modify certain of these posting credits to attract additional order flow to the Exchange.

First, the Exchange proposes to modify the Customer and Professional Customer Incentive Program, which provides various alternatives to earn credits. One of the current alternatives provides an additional \$0.03 credit on Customer and Professional Customer posting credits if an OFP achieves at least 0.75% of total industry Customer equity and ETF option average daily volume ("ADV") from Customer and Professional Customer posted orders in both Penny Pilot and non-Penny Pilot issues, of which at least 0.28% of total industry Customer equity and ETF option ADV is from Customer and Professional Customer posted orders in non-Penny Pilot issues. The Exchange proposes to slightly lower the minimum ADV from posted orders in non-Penny Pilot issues from 0.28% to 0.25%. The Exchange believes this proposed change would provide additional incentives to direct Customer and Professional Customer order flow to the Exchange, which benefits all market participants through increased liquidity and enhanced price discovery.

Second, the Exchange proposes to modify the Customer and Professional Customer Posting Credit Tiers in Non Penny Pilot Issues, which provides two ways (Tier A or Tier B) to achieve a \$0.83 credit if specified volume thresholds have been met. Currently, pursuant to Tier A, the \$0.83 credit may be reached by achieving at least 0.80% of total industry Customer equity and ETF option average ADV from Customer and Professional Customer posted orders in all issues, plus an executed ADV of Retail Orders of 0.1% ADV of U.S. equity market share posted and executed on the NYSE Arca Equity Market. Alternatively, the \$0.83 credit may be achieved pursuant to Tier B, by achieving a level of at least 1.00% of total industry Customer equity and ETF option ADV from Customer and Professional Customer posted orders in both Penny Pilot and non-Penny Pilot issues.

The Exchange proposes to modify both Tiers as follows.

- Tier A would require a minimum of 0.70% (rather than 0.80%) of total industry Customer equity and ETF options ADV from Customer and Professional Customer posted orders in all issues.⁴
- Tier B would require a minimum of 0.80% (rather than 1.00%) of total industry Customer equity and ETF options ADV from Customer and Professional Customer posted orders in all issues.

In addition, the Exchange proposes to replace the language “both Penny Pilot and non-Penny Pilot Issues” in Tier B with “all Issues” for simplicity and to conform to the language used in Tier A. The Exchange believes the proposed changes to the Customer and Professional

⁴ The Commission notes that the Exchange is not proposing to modify the additional Tier A requirement of an additional executed ADV of Retail Orders of 0.1% ADV of U.S. equity market share posted and executed on the NYSE Arca Equity Market.

Customer Posting Credit Tiers in Non Penny Pilot Issues would encourage market participants to direct a higher rate of Customer and Professional Customer orders to the Exchange.

Finally, the Exchange proposes to make a non-substantive change to the Base credit of the Customer and Professional Customer Posting Credit Tiers in Non Penny Pilot Issues by adding a dollar sign before (0.75), so that it accurately reflects the baseline credit of (\$0.75), which the Exchange believes would add clarity and consistency to the Fee Schedule.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,⁵ in general, and furthers the objectives of Sections 6(b)(4) and (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 the adjustments to qualifications for enhanced posting liquidity credits, are reasonable and not unfairly discriminatory as they are designed to attract increased Customer and Professional Customer business on the Exchange and are achievable in various ways. An increase in Customer and Professional Customer orders executed on the Exchange benefits all participants by offering greater price discovery, increased transparency, and an increased opportunity to trade on the Exchange. The Exchange also believes that the proposed credits are reasonable because they are within a range of similar credits available on other option exchanges.⁷ Additionally, attracting posted Customer and Professional Customer order flow is

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(4) and (5).

⁷ See, e.g., ISE Gemini, LLC fee schedule, available at, http://www.ise.com/assets/gemini/documents/OptionsExchange/legal/fee/Topaz_Fee_Schedule.pdf (providing rebates ranging from \$0.75 - \$0.85 predicated on volume tiers);

desirable because it encourages liquidity to be present on the Exchange.

The Exchange believes that the proposed changes in the Customer Posting Credit Tiers in Non Penny Pilot Issues and the Customer Incentive Program are equitable and not unfairly discriminatory because they will be available to all OTPs that execute posted electronic Customer and Professional Customer orders on the Exchange on an equal and non-discriminatory basis, in particular because they provide alternative means of achieving the same credit. The Exchange believes that providing methods for achieving the credits based on posted electronic Customer and Professional Customer Executions in both Penny Pilot and non-Penny Pilot issues is equitable and not unfairly discriminatory because it would continue to result in more OTPs qualifying for the credits and therefore reducing their overall transaction costs on the Exchange.

Further, the Exchange believes the proposed change to the Customer Posting Credit Tiers in Non Penny Pilot Issues and Customer Incentive Program is reasonable because it is designed to continue to bring additional posted order flow to NYSE Arca Equities [sic], so as to provide additional opportunities for all ETP [sic] Holders to trade on NYSE Arca Equities [sic].

The Exchange believes that the proposed a non-substantive, technical change to the Base credit of the Customer and Professional Customer Posting Credit Tiers in Non Penny Pilot Issues by adding a dollar sign before (0.75), so that it accurately reflects the baseline credit of (\$0.75), is reasonable, equitable and non-discriminatory because it would add clarity and consistency to

NASDAQ Options Market – Fees and Rebates, available at, <http://www.nasdaqtrader.com/Micro.aspx?id=optionsPricing> (providing a flat rebate of \$0.84 with an additional rebate for participants that qualify for Penny Pilot Options Customer or Professional Rebate to Add Liquidity Tiers 7 or 8 in a given month); BATS Options Exchange fee schedule, available at, http://www.batsoptions.com/support/fee_schedule/ (providing flat \$0.85 posting credit for Customer orders that is not contingent on any volume requirement).

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,⁸ 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 proposed changes to the Customer Posting Credit Tiers in Non Penny Pilot Issues, and the proposed modification to the Customer Incentives are designed to attract additional volume, in particular posted electronic Customer and Professional Customer executions, to the Exchange, which would promote price discovery and transparency in the securities markets thereby benefitting competition in the industry. As stated above, the Exchange believes that the proposed change would impact all similarly situated OTPs that post electronic Customer and Professional Customer executions on the Exchange equally, and as such, the proposed change would not impose a disparate burden on competition either among or between classes of market participants.

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

⁸ 15 U.S.C. 78f(b)(8).

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)⁹ of the Act and subparagraph (f)(2) of Rule 19b-4¹⁰ 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)¹¹ 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

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 17 CFR 240.19b-4(f)(2).

¹¹ 15 U.S.C. 78s(b)(2)(B).

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NYSEArca-2015-48 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 20549-1090.

All submissions should refer to File Number SR-NYSEArca-2015-48. 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, D.C. 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-2015-48, 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.¹²

Robert W. Errett
Deputy Secretary

¹² 17 CFR 200.30-3(a)(12).