

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-78861; File No. SR-NYSEArca-2016-129)

September 16, 2016

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Rule 7.35P (Auctions) Regarding Indicative Match Price

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 September 9, 2016, 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 and II 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, through its wholly-owned corporation NYSE Arca Equities, Inc. (“NYSE Arca Equities”), amend Rule 7.35P (Auctions) regarding Indicative Match Price. 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

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

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 Rule 7.35P, which governs how Auctions operate on the Exchange's Pillar trading platform. Specifically, the Exchange proposes to amend Rule 7.35P(a)(8) regarding Indicative Match Price. Under Rule 7.35(a)(8) [sic], Indicative Match Price means the best price at which the maximum volume of shares, including non-displayed quantity of Reserve Orders, is tradable in the applicable auction, subject to the Auction Collars. The Exchange proposes to specify, as proposed in Rule 7.35P(a)(8)(F), that unless the Indicative Match Price is based on the midpoint of an Auction NBBO, if the Indicative Match Price is not in the MPV⁴ for the security, it would be rounded to the nearest price at the applicable MPV.⁵

The Exchange initially filed to amend the definition of Indicative Match Price in a filing that is currently pending with the Commission.⁶ Although the proposed change was included in the Tick Pilot System Functionality Filing, the anticipated rounding scenarios for the Indicative Price Match would apply to all securities traded on the Exchange, not just Tick Pilot Securities. The technology change related to the rounding of the Indicative Match Price is scheduled to be implemented within 30 days of the date of this filing and prior to October 3, 2016, the

⁴ The minimum price variation ("MPV") for quoting and entry of orders in securities traded on the NYSE Arca Marketplace is \$0.01, with the exception of securities that are priced less than \$1.00 for which the MPV for quoting and entry of orders is \$0.0001. See Arca Rule 7.6.

⁵ The Indicative Match Price is currently calculated without any rounding, as provided in Arca Rule 7.35P(a)(8)(A)-(E).

⁶ See SR-NYSEArca-2016-123 filed on August 25, 2016 (the "Tick Pilot System Functionality Filing").

implementation date of the Tick Size Pilot Program. The Exchange is therefore filing this proposed rule change to ensure that both the functionality and the rules of the Exchange are consistent with one another when the Exchange introduces the technology change. The proposed rule change would also add more certainty regarding the calculation of the Indicative Match Price as it would be rounded to the nearest price at the applicable MPV.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Securities Exchange Act of 1934 (the “Act”),⁷ in general, and furthers the objectives of Section 6(b)(5),⁸ in particular, because 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.

Specifically, the Exchange believes that the proposed amendment to Rule 7.35P(a)(8) would remove impediments to and perfect the mechanism of a free and open market and a national market system as it provides transparency regarding when the Exchange would round the Indicative Match Price if it is not in the MPV for an applicable security. In addition, the Exchange believes that the proposal to implement this change for all securities, not just Tick Pilot Securities, would remove impediments to and perfect the mechanism of a free and open market and a national market system because it would ensure consistent treatment regarding the calculation of Indicative Match Price.

The calculation of the Indicative Match Price is essential to executing the maximum

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(5).

volume of shares in an auction and the Exchange believes adopting a rounding methodology when calculating the Indicative Match Price, as proposed herein, will promote transparency, clarity and certainty to the rule, which serves 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.

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 proposed change is not designed to address any competitive issue but rather to make an amendment to Rule 7.35P regarding the calculation of Indicative Match Price for orders executed in Auctions on the Exchange's Pillar trading platform.

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

Because the proposed rule change does not (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act⁹ and Rule 19b-4(f)(6) thereunder.¹⁰

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 17 CFR 240.19b-4(f)(6). As required under Rule 19b-4(f)(6)(iii), the Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and the text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission.

A proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act¹¹ normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)(iii)¹² permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing. According to the Exchange, this proposed rule change would provide certainty and transparency to its rules regarding the Indicative Match Price. Moreover, according to the Exchange, waiver of the operative delay would allow it to introduce technology related to this proposed rule change, which would be applicable to all securities, within 30 days of the date of this filing. The Commission believes the waiver of the operative delay is consistent with the protection of investors and the public interest. Therefore, the Commission hereby waives the operative delay and designates the proposal operative upon filing.¹³

At any time within 60 days of the filing of the 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 to determine whether the proposed rule change should be approved or disapproved.

¹¹ 17 CFR 240.19b-4(f)(6).

¹² 17 CFR 240.19b-4(f)(6)(iii).

¹³ For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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-2016-129 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-2016-129. 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-2016-129, 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.¹⁴

Robert W. Errett
Deputy Secretary

¹⁴ 17 CFR 200.30-3(a)(12).