

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-80632; File No. SR-NYSEArca-2017-50)

May 9, 2017

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

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 April 28, 2017, 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 amend the NYSE Arca Equities Schedule of Fees and Charges for Exchange Services (“Fee Schedule”). 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 places

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

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 purpose of this filing is to amend the Quoting and Depth Standard under the recently adopted Exchange Traded Fund Liquidity Provider Program ("ELP Program").⁴ The Exchange proposes to implement the proposed fee change effective May 1, 2017.

Pursuant to the ELP Program Filing, the Exchange currently provides an incremental credit of \$0.0001 per share to ETP Holders and Market Makers (collectively, "ELPs") for providing displayed liquidity that result in an execution to ELPs that meet prescribed quoting standards in NYSE-Arca listed Tape B securities that have a consolidated average daily volume ("CADV") in the previous month of less than 250,000 shares ("ELP Securities"). Pursuant to the ELP Program Filing, beginning March 2017 and through April 2017, an ELP that quotes at the National Best Bid or Offer ("NBBO") for at least an average of 15% of the time for the billing month in at least 50 ELP Securities for each billing month ("Quoting Standard")⁵ is paid the stated incremental credit in their Tape B executions that add liquidity.

In the ELP Program Filing, the Exchange proposed that beginning May 1, 2017, in order for an ELP to qualify for the incremental credit, the ELP must, in at least 50 ELP Securities:

⁴ See Securities Exchange Act Release No. 80258 (March 16, 2017), 82 FR 14775 (March 22, 2017) (SR-NYSEArca-2017-28) ("ELP Program Filing").

⁵ An ELP would meet the Quoting Standard if the average of the percentage of time during regular trading hours during which the ELP maintains a quote at each of the NBB and NBO equals at least 15%. As an example, where the ELP maintains a quote for any number of shares at the NBB for 20% of the time during regular trading hours in at least 50 ELP Securities and maintains a quote for any number of shares at the NBO for 10% of the time during regular trading hours in the same ELP Securities, the ELP would be deemed to be at the NBBO for the required time period of 15% ((20% + 10%)/2).

- Quote at the NBBO for at least an average of 15% of the time for the billing month, and,
- Display at least 2,500 shares that are priced no more than 2% away from the NBBO at least 90% of the time for the billing month (“Quoting and Depth Standard”).

The Exchange proposes to require the Quoting and Depth Standard to begin June 1, 2017 instead of on May 1, 2017. As a result, the Quoting Standard that was implemented for March 2017 and April 2017 will be extended through May 2017. Thus, until June 1, 2017, ELPs will continue to qualify for the incremental credit by meeting just the Quoting Standard. Beginning June 1, 2017, as noted above, ELPs will be required to meet the Quoting and Depth Standard to qualify for the incremental credit. The Exchange is not proposing any other change to the ELP Program.

The ELP Program is intended to provide incentives for increased trading in ELP Securities for market participants. The Exchange believes the proposed rule change will strengthen market quality in ELP Securities. The ELP Program is also intended to reward liquidity providers who improve displayed liquidity and the size of such liquidity in the market. The Exchange believes that the ELP Program will encourage the additional utilization of, and interaction with, the Exchange and provide customers with the premier venue for price discovery, liquidity, competitive quotes and price improvement.

The proposed changes are not otherwise intended to address any other issues, and the Exchange is not aware of any problems that ETP Holders would have in complying with the proposed changes.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,⁶ in general, and furthers the objectives of Sections 6(b)(4) and (5) of the Act,⁷ 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 rule change would continue to encourage increased participation by ELPs in the trading of ETP Securities. In particular, the Exchange believes that extending the implementation date for the Quoting and Depth Standard from May 1, 2017 to June 1, 2017 would provide ELPs with additional time to implement the requirements associated with the ELP credit while encouraging ELPs to participate in the ELP Program. The Exchange also believes that extending the Quoting Standard through May 2017 would continue to encourage the submission of additional liquidity by ETP Holders to a public exchange, thereby promoting price discovery and transparency and enhancing order execution opportunities for all market participants on the Exchange.

The Exchange believes the ELP Program will continue to provide an incentive for ELPs to quote and trade a greater number of securities on the Exchange and will generally allow the Exchange and ELPs to better compete for order flow and thus enhance competition. Further, the ELP program is intended to provide ELPs with an incentive to increase displayed quoting on NYSE Arca and thereby provide liquidity and better quoting that supports the quality of price discovery and promotes market transparency. The Exchange also believes that the proposed

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(4) and (5).

incremental credit for ELPs that meet the requirements of the ELP Program is equitable and not unfairly discriminatory because it would apply uniformly to all ELPs.

As proposed, the ELP Program is designed to enhance the Exchange's competitiveness as a listing venue and to strengthen its market quality for NYSE Arca-listed securities.

The Exchange believes that adopting the Quoting and Depth Standard beginning June 2017 instead of May 2017 is reasonable because the additional requirement has not yet been implemented by the Exchange so no ETP Holder is or would be adversely impacted. The Quoting and Depth Standard would ensure that liquidity displayed on the Exchange by ELPs is available for a greater period of time during the trading day to provide market participants an adequate opportunity to transact against such liquidity. The Exchange also believes that extending the Quoting Standard through May 2017 is reasonable in order for the Exchange to continue providing ELPs with the incremental credit associated with the ELP Program. The Exchange believes that adopting the Quoting and Depth Standard beginning June 2017 and extending the Quoting Standard through May 2017 is equitable and not unfairly discriminatory because the proposed changes would apply uniformly to all ELPs.

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

In accordance with Section 6(b)(8) of the Act,⁸ the Exchange believes that the proposed rule change would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change is intended to adopt the Quoting and Depth Standard in June 2017 rather than in May 2017, as was originally proposed in the ELP Program Filing, while extending the current Quoting Standard through May 2017.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

⁸ 15 U.S.C. 78f(b)(8).

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.

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-2017-50 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.

All submissions should refer to File Number SR-NYSEArca-2017-50. This file number should

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 17 CFR 240.19b-4(f)(2).

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-2017-50 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

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Assistant Secretary

¹¹ 17 CFR 200.30-3(a)(12).