SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–73204; File No. SR–NYSEArca–2014–105]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending NYSE Arca Equities Rule 7.31 To Amend the Functionality Relating To Post No Preference Blind Orders To Display Such Orders One Minimum Price Variation Below the Best Protected Offer for Bids and Above the Best Protected Bid for Offers

September 24, 2014.

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 11, 2014, 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 functionality relating to Post No Preference Blind (''PNP Blind'') orders to display such orders one minimum price variation below the best protected offer for bids and above the best protected bid for offers. The text of the proposed rule change is available on the Exchange's Web site 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 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 is proposing to amend Rule 7.31(mm) to amend the functionality relating to PNP Blind orders to display such orders one minimum price variation (''MPV'') below the best protected offer (''PBO'') for bids and above the best protected bid (''PBB'') for offers. All other functionality of PNP Blind orders would remain the same.

Pursuant to Rule 7.31(mm), a PNP Blind order is a PNP order that is placed undisplayed in the NYSE Arca book at the price of the contra-quote of the PBBO if the order would lock or cross a protected quotation. The rule provides that where the PBBO moves away from the price of the PNP Blind, but the prices continue to overlap, the limit price of the PNP Blind remains un-displayed and its tradeable price is adjusted to the contra side of the best protected offer or best protected bid. Where the PBBO moves away from the price of the PNP Blind and the prices no longer overlap, the PNP Blind converts to a displayed PNP limit order. Where the PBBO moves into the price of the PNP Blind, the PNP Blind adjusts its tradeable price to the contra side of the best protected offer or best protected bid. PNP Blind orders are governed by the Exchange's Display Order Process set forth in Rule 7.36. Marketable contra orders execute first against PNP Blind orders, only at superior prices, then the rest of the book. Multiple PNP Blind orders, in un-displayed status, are treated in time priority, regardless of the price of the order. A PNP Blind order that is combined with an ALO order is not cancelled if it is marketable against the PBBO.

The Exchange is proposing to amend Rule 7.31(mm) to provide for PNP Blind orders to be displayed. The Exchange would continue to price and execute PNP Blind orders at the price of the contra-quote of the PBBO. As proposed, the Exchange would also display PNP Blind orders one MPV below the PBO (for bids) and one MPV above the PBB (for offers).[4] As with current functionality, PNP Blind orders would continue to be re-priced if the PBBO moves. As proposed, each time the PNP Blind order is repriced to reflect a change in the contra-quote PBBO, the PNP Blind order would also be re-displayed at one MPV below the updated PBO (for bids) and one MPV above the updated PBB (for offers).[5]

In order to reflect the new functionality for PNP Blind orders, the Exchange proposes to revise Rule 7.31(mm) to adopt rule text similar to rule text of other markets that offer similar functionality.[6] As proposed, amended Rule 7.31(mm) would provide that a PNP Blind order is a PNP order that, if, at the time of entry, would create a violation of Rule 610(d) of Regulation NMS by locking or crossing the protected quotation of an external market or would cause a violation of Rule 611 of Regulation NMS would be priced to the current PBO (for bids) or to the current PBB (for offers) and displayed by the Exchange at one MPV below the current PBO (for bids) or above the current PBB (for offers). Although the rule text is changing, as noted above, the only change to the functionality associated with PNP Blind orders is the new display function. The Exchange believes that the proposed new rule text provides transparency regarding the amended PNP Blind order functionality because it makes clear both how it would be priced for execution and at what price it would be displayed. The proposed rule text also makes clear that the re-pricing and re-displaying is to prevent both locking or crossing a protected quotation of an external market, in violation of Rule 610(d) of Regulation NMS, and trading through a protected quotation, in violation of Rule 611 of Regulation NMS.

The Exchange notes that including explicit cross-references to Regulation NMS is similar to the rule text governing Nasdaq's Price to Comply Order, which similarly provides that Nasdaq reprices orders that if, at the time of entry, the order would create a violation of Rule 610(d) of Regulation NMS by locking or crossing the protected quotation of an external market or would cause a violation of Rule 611 of Regulation NMS.[7] The rule text describing how the re-pricing and

[1] 15 U.S.C. 78s(b)(1).

[2] 15 U.S.C. 78a.

[3] 17 CFR 240.19b–4.

[4] Pursuant to NYSE Arca Equities Rule 7.6, Commentary .03, the MPV for quoting and entry of orders on the Exchange is $0.01, with the exception of securities that are priced less than $1.00, for which the MPV for order entry is $0.0001.

[5] The Exchange notes that the proposed change would not alter how the Exchange would treat PNP Blind orders to sell short that are entered during a Short Sale Period pursuant to Rule 7.16(f)(v)(D)(ii). Pursuant to that rule, during a Short Sale Period, PNP Blind orders to sell short are both re-priced and displayed at a Permitted Price, which is one MPV above the NBB.

[6] *See* Nasdaq Stock Market LLC (''Nasdaq'') Rule 4751(d)(8) and (10) and BATS Exchange, Inc. (''Bats'') Rules 11.9(c)(6) and (g)(2)(E) [sic].

[7] *See* Nasdaq Rule 4751(d)(8) [sic].

re-display function would operate for PNP Blind orders is also similar to the rule text governing Nasdaq's Post-Only Orders, which provides that Nasdaq would price such non-routable orders that lock or cross an external market's protected quotations to the current PBO or the current PBB and display such orders one MPV below the current PBO (for bids) or above the current PBB (for offers).[8]

Proposed amended Rule 7.31(mm)(1) describes how a PNP Blind Order would be re-displayed and re-priced if the PBBO moves. As proposed, if the PBO (PBB) re-prices higher (lower), a PNP Blind order to buy (sell) would be re-priced to the updated PBO (PBB) and re-displayed one MPV below (above) the updated PBO (PBB) until it reaches its limit price. This proposed rule text is consistent with current Rule 7.31(mm)(1), which provides that PNP Blind orders will be re-priced when the PBBO moves ''away from the price''. The proposed new rule text differs from the current rule in order to incorporate the new display function for PNP Blind orders, described above.[9] The Exchange notes that because PNP Blind orders would now be displayed, there is no need to re-price the PNP Blind Order if the price of the PBBO moves ''into the price'' of the PNP Blind Order, *i.e.,* locks or crosses the displayed price, as set forth in current Rule 7.31(mm)(3). Rather, because the PNP Blind Order would be displayed, the Exchange proposes that if the PBO (PBB) re-prices to be equal to or lower (higher) than the last displayed price of a PNP Blind order, the PNP Blind order would remain priced and displayed at its last displayed price. As such, a PNP Blind Order would stand its ground at its displayed price, which would also become the price at which it would execute if the opposite side PBBO locks or crosses the displayed price of the PNP Blind order.[10] Finally, consistent with current Rule 7.31(mm)(2), but with revised rule text, if the PBBO changes such that a PNP Blind order would not lock or cross the PBBO of an external market, the order would be displayed as a PNP limit order.[11]

The remainder of the proposed rule text is not new rule text, but rather current Rule 7.31(mm)(4) language moved to amended Rule 7.31(mm)(2), with non-substantive revisions. The proposed revised rule text provides that PNP Blind orders are governed by the Exchange's Display Order Process set forth in Rule 7.36. Marketable contra orders will execute first against PNP Blind orders, only at superior prices, then the rest of the book. All PNP Blind orders that are re-priced and re-displayed will retain their priority as compared to other PNP Blind orders based upon the time such orders were initially received by the Exchange, regardless of the price of the order.

For an illustration of how the new functionality would operate, consider the following examples:

Example 1:

PBBO is $20.05 × $20.07

PNP Blind order to buy is entered with a price of $20.07.

Because the PNP Blind order to buy would lock the $20.07 PBO, the PNP Blind order is displayed at $20.06 and priced to execute at the PBO price of $20.07. As a result, the PBBO would update to $20.06 × $20.07. An incoming limit order to sell with a limit price of $20.05 would interact with the PNP Blind order at $20.07.

Example 2:

PBBO is $20.05 × $20.07

PNP Blind order to buy is entered with a price of $20.08

As in Example 1, the PNP Blind order is displayed at $20.06 and priced to execute at the PBO price of $20.07. As a result, the PBBO updates to $20.06 × $20.07. Assume the PBO of $20.07 is cleared on an away market and the PBO changes to $20.08. The price of the PNP Blind order shifts to be displayed at $20.07 and is re-priced to the new PBO of $20.08. Assume the away PBO changes again to $20.07. The PNP Blind order would stand its ground at $20.07 and would be eligible to execute at $20.07. If the PBO changes again to $20.09, the PNP Blind would be displayed and priced at $20.08, which is its limit price. Once displayed at its limit price, the PNP Blind order converts to a straight PNP limit order and would not re-price.

Example 3:

PBBO is $20.05 × $20.07 (100 × 200)

PNP Blind order T1 to buy 1000 shares is entered with a price of $20.08

PBBO moves to $20.06 × $20.07 (1000 × 200)

PBO clears on away market, PBBO updates to $20.07 × $20.08 (1000 × 800)

T2 limit to buy 1200 shares entered with a price of $20.08

When the Exchange receives T2, it routes and executes 800 shares with the $20.08 PBO, thereby clearing out the PBO, and the residual of 400 shares rests on the Exchange's book at $20.08. The PNP Blind T1 Order would no longer be locking a $20.08 PBO, so it would also post to the Arca Book at $20.08. If the Exchange were to receive a market order to sell 200 shares, it would execute against T2 only. The Exchange believes that this priority allocation is consistent with the Exchange's price-time priority model, set forth in Rule 7.36, because T2 was the first to be priced at $20.08 and therefore has time priority at that price over T1.

The Exchange will announce the implementation date of the systems functionality associated with the proposed rule change by Trader Update to be published no later than 30 days following the effective date. The implementation date will be no later than 30 days following the issuance of the Trader Update.

2. Statutory Basis

The Exchange believes that the proposal is consistent with Section 6(b) of the Act,[12] in general, and furthers the objectives of Section 6(b)(5),[13] in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to, and perfect the mechanism of a free and open market and, in general, to protect investors and the public interest.

The Exchange believes that adding a display function to PNP Blind orders will remove impediments to and perfect the mechanism of a free and open market because the proposed rule change encourages the display of liquidity consistent with Regulation NMS. The Exchange is not modifying the current price-sliding functionality associated with PNP Blind orders, which, to avoid locking or crossing the external PBBO in violation of Rule 610(d) of Regulation NMS or trading through in violation of Rule 611 of Regulation NMS, re-prices PNP Blind orders to the contra-quote of the PBBO without displaying the order at that price. The Exchange's proposal to add a display function is consistent with these goals by displaying buy (sell) PNP Blind orders one MPV below (above) the PBO (PBB). By displaying such interest at a price inferior to the contra PBBO, the Exchange will not lock or cross an away market, but will put market participants on notice of available liquidity at the

[8] *See* Nasdaq Rule 4751(d)(10) [sic]. The rule text is also similar the how display-price sliding functionality is described in Bats rules. *See, e.g.,* Bats Rule 11.9(g)(2)(A) [sic].

[9] The proposed rule is consistent with functionality on Nasdaq and Bats. *See* Nasdaq Rule 4751(d)(8) [sic] and Bats Rules 11.9(g)(1)(B) and (C).

[10] The Exchange notes that this proposed functionality is consistent with Bats price-sliding rules. *See* Bats Rule 11.9(g)(1)(B) and (C).

[11] *See, e.g.,* Bats Rule 11.9(g)(2)(B) [sic].

[12] 15 U.S.C. 78f(b).

[13] 15 U.S.C. 78f(b)(5).

Exchange. If a market participant responds to such displayed liquidity, they would receive an execution at a better price than what was displayed because the PNP Blind orders are eligible to execute at more aggressive prices. The Exchange notes that the proposed display functionality is consistent with the rules of other markets.

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 Exchange believes the proposed changes to the PNP Blind orders will enhance order execution opportunities for investors. Further, the Exchange believes the changes will enhance competition between the Exchange and other exchanges that currently offer similar order types, *i.e.,* non-routable orders that are priced and execute at the contra-quote of the PBBO, but are displayed one MPV inferior to the contra-quote PBBO.[14]

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 Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act[15] and Rule 19b–4(f)(6) thereunder.[16] 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 prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b–4(f)(6) thereunder.[17]

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)[18] 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 email to *rule-comments@sec.gov.* Please include File Number SR–NYSEArca–2014–105 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–2014–105. This file number should be included on the subject line if email 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 Web site (*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 Web site 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 NYSE's principal office and on its Internet Web site at *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–2014–105 and should be submitted on or before October 21, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[19]

Kevin M. O'Neill,

Deputy Secretary.

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[14] *See supra* nn. 6, 8, 9, and 10.

[15] 15 U.S.C. 78s(b)(3)(A)(iii).

[16] 17 CFR 240.19b–4(f)(6).

[17] 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.

[18] 15 U.S.C. 78s(b)(2)(B).

[19] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–73199; File No. SR–BATS–2014–018]

Self-Regulatory Organizations; BATS Exchange, Inc.; Notice of Designation of a Longer Period for Commission Action on Proposed Rule Change To Adopt Rule 14.11(k) To Permit BATS Exchange, Inc. To List Managed Portfolio Shares and To List and Trade Shares of Certain Funds of the Spruce ETF Trust

September 24, 2014.

On August 4, 2014, BATS Exchange, Inc. (''Exchange'' or ''BATS'') filed with the Securities and Exchange Commission (''SEC'' or ''Commission''), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'')[1] and Rule 19b-4 thereunder,[2] a proposed rule change to adopt new BATS Rule 14.11(k), which would permit the Exchange to list Managed Portfolio Shares, which are shares of actively managed exchange-traded funds (''ETFs'') for which the portfolio is disclosed quarterly, and to list and trade shares of certain funds of the Spruce ETF Trust (''Trust'') under proposed BATS Rule 14.11(k). The proposed rule change was published for comment in the **Federal Register** on August 13, 2014.[3] The Commission

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[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] *See* Securities Exchange Act Release No. 72787 (Aug. 7, 2014), 79 FR 47488.