

things, that each SRO adopt, maintain, and enforce written rules that prohibit its members from engaging in a pattern or practice of displaying quotations that lock or cross protected quotations.⁴⁵

The Exchanges have adopted rules pursuant to Rule 610, and their rules include an ISO exception.⁴⁶ Under the ISO exception, market participants are permitted to “ship and post.” The exchanges have not proposed to amend this exception. Under the Exchanges’ proposed amendments to their rules, the Day ISO subjected to an Exchange would be immediately executed against the Exchange’s displayed quote, and then the remainder, if any, would be posted to the book, where it may lock or cross a protected quotation that is displayed at the time the Day ISO arrives. Under the “ship and post” exception, the market participants submitting the Day ISO would have to send one or more additional ISOs to execute against the protected quotations on other exchanges that would be locked or crossed, and thus, the Day ISO is consistent with Rule 610 of Regulation NMS. The Day ISO with the ALO modifier would function in a similar manner as the day limit order with the ALO modifier and the Day ISO, including re-pricing and re-displaying.

For the reasons discussed above, the Commission finds that the Exchanges’ proposals are consistent with the Act.

V. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,⁴⁷ that the proposed rule changes SR–NYSE–2014–32 and SR–NYSEMKT–2014–56, be and hereby are, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁴⁸

Kevin M. O’Neill,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–73329; File No. SR–NYSEARCA–2014–115]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending NYSE Arca Retail Liquidity Program and NYSE Arca Equities Rule 7.44 To Provide That Retail Price Improvement Orders That Are Not Priced Better Than the Best Protected Bid or Best Protected Offer Will Not Be Rejected Upon Entry

October 9, 2014.

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (“Act”)² and Rule 19b–4 thereunder,³ notice is hereby given that, on October 1, 2014, NYSE Arca, Inc. (“Exchange” or “NYSE Arca”) filed with the Securities and Exchange Commission (“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 NYSE Arca Equities Rule 7.44 to provide that Retail Price Improvement Orders that are not priced better than the best protected bid or best protected offer will not be rejected upon entry. 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 NYSE Arca Equities Rule 7.44 (“Rule 7.44”) to provide that Retail Price Improvement Orders (“RPI”) that are not priced better than the best protected bid (“PBB”) or best protected offer (“PBO”) will not be rejected upon entry.

Rule 7.44 sets forth the Exchange’s pilot Retail Liquidity Program (the “Program”).⁴ Under the Program, ETP Holders are able to provide price improvement to Retail Orders, as defined in Rule 7.44(a)(3) and (k), by submitting an RPI, which is non-displayed liquidity in NYSE Arca-listed securities and UTP Securities, excluding NYSE-listed (Tape A) securities, that is priced more aggressively than the PBBO by at least \$0.001 per share and that is identified as an RPI in a manner prescribed by the Exchange. RPIs are entered at a single limit price, rather than being pegged to the PBBO; however, RPIs can be designated as a Mid-Point Passive Liquidity (“MPL”) Order, in which case the order will re-price as the PBBO changes.⁵ RPIs remain non-displayed and only execute against Retail Orders.

Rule 7.44(a)(4) currently provides that an order that is identified as an RPI but is not priced better than the PBB or PBO will be rejected upon entry. The Exchange proposes to amend Rule 7.44(a)(4) to permit entry of RPIs that are not priced better than the PBB or PBO. The Exchange believes that by accepting all RPIs, regardless of price, the Exchange will expand the interest that would be available to provide price improvement for Retail Orders, particularly if the PBB or PBO moves such that an RPI that otherwise would have been rejected could become price-improving interest.

To effect this change, the Exchange proposes to delete the third sentence of Rule 7.44(a)(4) that provides for such inferior-priced RPIs to be rejected upon entry. The Exchange further proposes to amend the fourth sentence of Rule 7.44(a)(4) to conform the rule text to this proposed change. Specifically, the current rule text provides that “[a] previously entered RPI that becomes priced at or inferior to the PBBO will not be eligible to interact with incoming

⁴⁵ See 17 CFR 242.610(d).

⁴⁶ See NYSE Rule 19; NYSE MKT Rule 19—Equities.

⁴⁷ 15 U.S.C. 78s(b)(2).

⁴⁸ 17 CFR 200.30–3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b–4.

⁴ See Securities Exchange Act Release No. 71176 (Dec. 23, 2013), 78 FR 79524 (Dec. 30, 2013) (SR–NYSEARCA–2013–107).

⁵ RPIs not designated as MPL Orders would alternatively need to be designated as a Passive Liquidity (“PL”) Order.

Retail Orders, and such an RPI will cancel if a Retail Order executes against all displayed liquidity at the PBBO and the [sic] attempt [sic] to execute against the RPI.” Because the Exchange would no longer be rejecting RPIs that are not priced better than the PBB or PBO, the Exchange believes that use of the term “previously entered” would no longer reflect the universe of RPIs that may not be priced better than the PBB or PBO. The Exchange therefore proposes to amend this sentence to delete the term “previously entered” and instead state that an RPI that is or becomes priced at or inferior to the PBBO would be subject to the treatment currently described in the rule.

The Exchange does not intend to make any other changes to the Program with this rule filing. 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 proposed rule change is consistent with Section 6(b) of the Act,⁶ in general, and furthers the objectives of Section 6(b)(5),⁷ 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 a national market system, and in general, to protect investors and the public interest.

The Exchange believes that the proposed rule change removes impediments to and perfects the mechanism of a free and open market and national market system because it would enable additional RPI interest to be entered regardless of price, thereby allowing that RPI interest to remain in Exchange systems and become eligible to provide price improvement if the PBB or PBO changes such that the RPI interest becomes priced better than the PBB or PBO. The Exchange further believes that the proposed rule change protects investors and the public interest because it potentially increases the amount of RPI interest available to provide price improvement to incoming Retail Orders if the PBB or PBO moves such that the RPI becomes eligible to provide price improvement. The Exchange further believes the proposal will protect investors and the public interest because the proposed rule

change will increase the incentives of liquidity providers to enter RPIs because liquidity providers will no longer need to risk rejection of RPIs that may be priced inferior to the PBB or PBO upon entry.

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 that the Program is designed to increase competition among execution venues, encourage additional liquidity, and offer the potential for price improvement to retail investors. The Exchange notes that a significant percentage of the orders of individual investors are executed over-the-counter. The Exchange believes that it is appropriate to create a financial incentive to bring more retail order flow to a public market. The Exchange believes that the proposed rule change supports this objective by eliminating the possibility that liquidity-providing interest would be rejected based on price.

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 has become effective pursuant to Section 19(b)(3)(A) of the Act⁸ and Rule 19b-4(f)(6)⁹ thereunder because the proposal does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) by its terms, become operative for 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.¹⁰

A proposed rule change filed under Rule 19b-4(f)(6) normally may not

become operative prior to 30 days after the date of filing. However, Rule 19b-4(f)(6)(iii)¹¹ permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest.

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.¹²

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-2014-115 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-2014-115. 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 such

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 CFR 240.19b-4(f)(6).

¹⁰ In addition, Rule 19b-4(f)(6)(iii) requires the Exchange to give the Commission written notice of the Exchange's intent to file the proposed rule change, along with a brief description and 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. The Exchange has satisfied this requirement.

¹¹ 17 CFR 240.19b-4(f)(6)(iii).

¹² 15 U.S.C. 78s(b)(3)(C).

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(5).

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-2014-115 and should be submitted on or before November 6, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹³

Kevin M. O'Neill,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[(Release No. 34-73325; File No. SR-NYSE-2014-55)]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Make Conforming Amendments To Reflect Recent Deletion of Rule 343

October 9, 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 October 6, 2014, New York Stock Exchange LLC ("NYSE" or the "Exchange") 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 [sic] make conforming amendments to reflect its recent deletion of Rule 343. 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 proposes to make conforming amendments to reflect its recent deletion of Rule 343. The Exchange deleted Rule 343 and its interpretation, effective as of April 7, 2014.⁴ The Exchange accordingly proposes to delete obsolete references to Rule 343 in Rule 321, governing formation or acquisition of subsidiaries by member organizations, and Rules 476A and 9217, which govern minor rule violations.⁵

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 Section 6(b)(5) of the Act,⁷ in particular, because it is designed to prevent fraudulent and manipulative acts and practices, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, help to protect investors and the public interest. Specifically, the

Exchange believes that deleting references to obsolete rules removes impediments to and perfects the mechanism of a free and open market by removing confusion that may result from having references to obsolete rules in the Exchange's rulebook. The Exchange further believes that the proposal removes impediments to and perfects the mechanism of a free and open market by ensuring that persons subject to the Exchange's jurisdiction, regulators, and the investing public can more easily navigate and understand the Exchange's rulebook. The Exchange believes that eliminating references to obsolete rules would not be inconsistent with the public interest and the protection of investors because investors will not be harmed and in fact would benefit from increased transparency as to which rules are operable, thereby reducing potential confusion. Removing such obsolete cross references will also further the goal of transparency and add clarity to the Exchange's rules.

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 would make the Exchange's rules internally consistent, thereby reducing confusion and making the Exchange's rules easier to understand and navigate.

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 Act⁸ and Rule 19b-4(f)(6) thereunder.⁹ 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

¹³ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

⁴ See Securities Exchange Act Release No. 71989 (April 22, 2014), 79 FR 23391 (April 28, 2014) (SR-NYSE-2014-21). See also FINRA Regulatory Notices 14-10 and 14-11.

⁵ In 2013, the NYSE adopted a new set of procedural rules modeled on the rules of the Financial Industry Regulatory Authority ("FINRA") that included aspects of FINRA's process and fine levels for minor rule violations. The Exchange maintained the specific list of rules set forth in NYSE Rule 476A, which were moved to new Rule 9217. See Securities Exchange Act Release Nos. 68678 (Jan. 16, 2013), 78 FR 5213 (Jan. 24, 2013), and 69045 (Mar. 5, 2013), 78 FR 15394 (Mar. 11, 2013) (SR-NYSE-2013-02). Rule 476A continues to apply to disciplinary proceedings filed prior to July 1, 2013.

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(5).

⁸ 15 U.S.C. 78s(b)(3)(A)(iii).

⁹ 17 CFR 240.19b-4(f)(6).