

Exchange notes that, with respect to the change to require the use of the Pilot Securities beginning thirty days prior to the start of the Pilot Period, the proposed change reduces the number of securities on which affected members otherwise would have been required to collect data pursuant to the Plan and Exchange Rule 11.21(b). In addition, the proposed rule change applies equally to all similarly situated members. Therefore, the Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

Written comments were neither solicited nor received.

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 Act²⁵ and Rule 19b-4(f)(6)²⁶ 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.

A proposed rule change filed under Rule 19b-4(f)(6)²⁷ normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),²⁸ the Commission may 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 so that the proposed rule change can become operative on August 30, 2016.

The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest because it will allow the Exchange to implement the proposed rules immediately thereby preventing delays in the implementation of the Plan. The Commission notes that the Plan is

scheduled to start on October 3, 2016. Therefore, the Commission hereby waives the 30-day operative delay and designates the proposed rule change to be operative upon filing with the Commission.²⁹

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.³⁰

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-BatsEDGA-2016-21 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-BatsEDGA-2016-21. 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 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-BatsEDGA-2016-21 and should be submitted on or before October 6, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³¹

Brent J. Fields,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-78803; File No. SR-NYSEMKT-2016-83]

Self-Regulatory Organizations; NYSE MKT LLC; Notice of Filing of Proposed Rule Change Amending Rule 67—Equities Relating to the Tick Size Pilot Program

September 9, 2016.

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 August 25, 2016, NYSE MKT LLC (the "Exchange" or "NYSE MKT") 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 Substance of the Proposed Rule Change

The Exchange proposes to amend Rule 67—Equities to (1) describe system functionality requirements necessary to implement the Plan to Implement a Tick Size Pilot Program submitted to the Commission pursuant to Rule 608 of Regulation NMS⁴ under the Act ("Plan"), and (2) clarify the operation of certain exceptions to the Trade-at

²⁵ 15 U.S.C. 78s(b)(3)(A).

²⁶ 17 CFR 240.19b-4(f)(6).

²⁷ 17 CFR 240.19b-4(f)(6).

²⁸ 17 CFR 240.19b-4(f)(6)(iii).

²⁹ For purposes only of waiving the operative delay for this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

³⁰ 15 U.S.C. 78s(b)(3)(C).

³¹ 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 17 CFR 242.608.

Prohibition⁵ on Pilot Securities in the third test group. 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 amend Rule 67—Equities ("Rule 67") to (1) describe system functionality requirements necessary to implement the Plan⁶ and (2) clarify the operation of certain exceptions to the Trade-at Prohibition⁷ on Pilot Securities in the third test group ("Test Group Three").⁸

The Plan is designed to study and assess the impact of increment conventions on the liquidity and trading of the common stocks of small capitalization companies and is currently scheduled to begin on October 3, 2016. Rule 67, adopted earlier this year to implement the quoting and trading requirements of the Plan, will be in effect on a two-year pilot period that coincides with pilot period for the Plan.

⁵ Rule 67(e)(4)(A)—Equities defines the "Trade-at Prohibition" to mean the prohibition against executions by a Trading Center of a sell order for a Pilot Security at the price of a Protected Bid or the execution of a buy order for a Pilot Security at the price of a Protected Offer during regular trading hours. Unless otherwise specified, capitalized terms used in this rule filing are based on the defined terms of the Plan.

⁶ See Securities and Exchange Act Release No. 74892 (May 6, 2015), 80 FR 27513 (File No. 4-657) ("Tick Plan Approval Order"). See, also, Securities and Exchange Act Release No. 76382 (November 6, 2015) (File No. 4-657), 80 FR 70284 (File No. 4-657) (November 13, 2015), which extended the pilot period commencement date from May 6, 2015 to October 3, 2016. The Plan was submitted to the Commission pursuant to Rule 608 of Regulation NMS. 17 CFR 242.608.

⁷ See note 5, *supra*.

⁸ See *infra* notes 14–17 and accompanying text for a description of Test Group Three.

Background

On August 25, 2014, NYSE Group, Inc., on behalf of Bats BZX Exchange, Inc. (f/k/a BATS Exchange, Inc.), Bats BYX Exchange, Inc. (f/k/a BATS Y-Exchange, Inc.), Chicago Stock Exchange, Inc., Bats EDGA Exchange, Inc. (f/k/a EDGA Exchange, Inc.), Bats EDGX Exchange, Inc. (f/k/a EDGX Exchange, Inc.), the Financial Industry Regulatory Authority, Inc. ("FINRA"), NASDAQ OMX BX, Inc., NASDAQ OMX PHLX LLC, the Nasdaq Stock Market LLC, New York Stock Exchange LLC, NYSE Arca, Inc., and the Exchange (collectively "Participants"), filed the Plan with the Commission, pursuant to Section 11A of the Act⁹ and Rule 608 of Regulation NMS thereunder.¹⁰ The Participants filed the Plan to comply with an order issued by the Commission on June 24, 2014 (the "June 2014 Order").¹¹ The Plan was published for comment in the **Federal Register** on November 7, 2014,¹² and approved by the Commission, as modified, on May 6, 2015.¹³

The Plan is designed to allow the Commission, market participants, and the public to study and assess the impact of increment conventions on the liquidity and trading of the common stocks of small capitalization companies. The Tick Size Pilot Program will enable the Commission to assess whether wider tick sizes would enhance the market quality of Pilot Securities for the benefit of issuers and investors. Each Participant is required to comply with, and to enforce compliance by its member organizations, as applicable, with the provisions of the Plan.

The Tick Size Pilot Program will include stocks of companies with \$3 billion or less in market capitalization, an average daily trading volume of one million shares or less, and a volume weighted average price of at least \$2.00 for every trading day. The Tick Pilot Program will consist of a control group of approximately 1400 Pilot Securities and three test groups with 400 Pilot

⁹ 15 U.S.C. 78k-1.

¹⁰ See Letter from Brendon J. Weiss, Vice President, Intercontinental Exchange, Inc., to Secretary, Commission, dated August 25, 2014.

¹¹ See Securities Exchange Act Release No. 72460 (June 24, 2014), 79 FR 36840 (June 30, 2014).

¹² See Securities and Exchange Act Release No. 73511 (November 3, 2014), 79 FR 66423 (File No. 4-657) (Tick Plan Filing).

¹³ See Tick Plan Approval Order, *supra* note 6. See also Securities Exchange Act Release No. 77277 (March 3, 2016), 81 FR 12162 (March 8, 2016) (File No. 4-657), amending the Plan to add National Stock Exchange, Inc. as a Participant.

Securities in each selected by a stratified sampling.¹⁴

During the pilot, Pilot Securities in the control group will be quoted at the current tick size increment of \$0.01 per share and will trade at the currently permitted increments. Pilot Securities in the first test group ("Test Group One") will be quoted in \$0.05 minimum increments but will continue to trade at any price increment that is currently permitted.¹⁵ Pilot Securities in the second test group ("Test Group Two") will be quoted in \$0.05 minimum increments and will trade at \$0.05 minimum increments subject to a midpoint exception, a retail investor exception, and a negotiated trade exception.¹⁶ Pilot Securities in Test Group Three will be subject to the same terms as Test Group Two and also will be subject to the "Trade-at" requirement to prevent price matching by a person not displaying at a price of a Trading Center's "Best Protected Bid or "Best Protected Offer," unless an enumerated exception applies.¹⁷ In addition to the exceptions provided under Test Group Two, an exception for Block Size orders and exceptions that closely resemble those under Rule 611 of Regulation NMS ("Rule 611")¹⁸ will apply to the Trade-at requirement.

The Plan requires the Exchange to establish, maintain, and enforce written policies and procedures that are reasonably designed to comply with applicable quoting and trading requirements specified in the Plan. Accordingly, the Exchange adopted paragraphs (a) and (c)–(e) of Rule 67 to require member organizations to comply with the quoting and trading provisions of the Plan.¹⁹ The Exchange also adopted paragraph (b) of Rule 67 to require member organizations to comply with the data collection provisions under Appendix B and C of the Plan.²⁰

Trade-At Intermarket Sweep Orders

The Plan defines a Trade-at Intermarket Sweep Order ("ISO") as a limit order for a Pilot Security that, when routed to a Trading Center, is

¹⁴ See Section V of the Plan for identification of Pilot Securities, including criteria for selection and grouping.

¹⁵ See Section VI(B) of the Plan. Pilot Securities in Test Group One will be subject to a midpoint exception and a retail investor exception.

¹⁶ See Section VI(C) of the Plan.

¹⁷ See Section VI(D) of the Plan.

¹⁸ 17 CFR 242.611.

¹⁹ See, Securities Exchange Act Release No. 77949 (May 31, 2016), 81 FR 36367 (June 6, 2016) (SR–NYSEMKT–2016–56) ("Quoting & Trading Rules Proposal").

²⁰ See Securities Exchange Act Release No. 77478 (March 30, 2016), 81 FR 19665 (April 5, 2016) (SR–NYSEMKT–2016–40).

identified as an ISO, and simultaneous with the routing of the limit order identified as an ISO, one or more additional limit orders, as necessary, are routed to execute against the full displayed size of any protected bid (in the case of a limit order to sell) or the full displayed size of any protected offer (in the case of a limit order to buy) for the Pilot Security with a price that is equal to the limit price of the limit order identified as an ISO. These additional routed orders also must be marked as ISOs.²¹

The Exchange clarified the use of an ISO in connection with the “Trade-at” requirement in Test Group Three by adopting a comprehensive definition of “Trade-at ISO” under Rule 67(a)(1)(D).²² The Exchange now proposes to further clarify that, when a Trade-at ISO is routed to a Trading Center, when simultaneously routing additional limit orders to execute against the full displayed size of any protected bid, in the case of a limit order to sell, or the full displayed size of any protected offer, in the case of a limit order to buy, such additional limit orders can be routed as either Trade-at ISOs or ISOs. Therefore, the Exchange is proposing to distinguish Trade-at ISOs from ISOs by adding the phrase “or Intermarket Sweep Orders” to the end of Rule 67(a)(1)(D)(ii), so that any such additional routed orders sent to execute against the Trade-at ISO limit order would need to be marked as either Trade-at ISOs or ISOs.

Likewise, the Exchange is proposing to amend Rule 67(e)(4)(C)(x) to add the phrase “or Intermarket Sweep Orders” into the Trade-at ISO exemption to the Trade-at Prohibition, to clarify that a Trading Center can simultaneously route Trade-at ISOs or ISOs to execute against the full displayed size of the Protected Quotation that was traded at.

Block Size Exemption to Trade-At Prohibition

The Plan defines Block Size as an order (1) of at least 5,000 shares, or (2) for a quantity of stock having a market value of at least \$100,000. The Block Size exception to the Trade-at Prohibition permits a Trading Center to immediately execute a Block size order against displayed and undisplayed liquidity at a price equal to the National Best Bid or National Best Offer, as applicable, without satisfying all Protected Quotations at the National Best Bid or National Best Offer, as applicable.²³

The Exchange proposes to amend Rule 67(e)(4)(C)(iii) to clarify how the Block Size exception to the Trade-at Prohibition would operate under the requirements of the Plan. The Exchange proposes to delete subparagraph (C) of Rule 67(e)(4)(C)(iii), which state that, to qualify for the Block Size exception, an order may not be executed on multiple Trading Centers. By deleting this requirement, the Block Size exception to the Trade At Prohibition would apply to an order received by a market that has sufficient liquidity to execute such Block Size, irrespective of whether the receiving market routes a portion of the Block Size order to another Trading Center to comply with Rule 611 or Regulation NMS. Any routed interest that returns unexecuted may be immediately executed under the same Block Size exception, provided such interest remains marketable.

Proposed Amendments to Rule 67 for Tick-Pilot Specific System Changes

The Exchange proposes to add paragraph (f) of Rule 67 to describe changes to system functionality necessary to implement the Plan. Paragraph (f) of Rule 67 would set forth the Exchange’s specific procedures for handling, executing, re-pricing and displaying certain order types and order type instructions applicable to Pilot Securities in Test Groups One, Two, and Three.

In determining the scope of these proposed changes to implement the Plan, the Exchange reviewed its order types and identified which orders and instructions would be inconsistent with the Plan and propose to modify the operation of such order types so they will comply with the Plan, or, to the extent inconsistent with the Plan, eliminate them. These proposed changes are designed to comply with the Plan and to allow the Exchange to

meet its regulatory obligations under the Plan.

As part of this review, the Exchange identified order types that were designed to comply with the requirements of Regulation NMS. Among other things, Regulation NMS requires a trading center to have policies and procedures to reasonably avoid displaying quotations that lock or cross any protected quotation²⁴ and to prevent trade-throughs in NMS stocks that do not fall within an exception enumerated in Rule 611(b) to Regulation NMS.²⁵ As such, under Regulation NMS, an exchange may rank undisplayed orders at the price of a protected quotation on an away market and execute such non-displayed orders at the price of a protected quotation on an away market. By contrast, in Test Group Three, an undisplayed order may not trade at the price of a protected quotation on an away market. Accordingly, as described below, in order to comply with the Plan for Test Group Three securities, the Exchange is proposing to modify the behavior of specified orders that are currently permitted to trade undisplayed at the price of the PBBO or NBBO.

As described in greater detail below, the Exchange is also proposing to reject specified orders in Pilot Securities in Test Group Three because the operation of such order types are, by their terms, inconsistent with the requirements of the Trade At Prohibition.

Proposed Rule 67(f)(1)—Trade-At Intermarket Sweep Orders

Proposed Rule 67(f)(1) would describe the handling of Trade-at Intermarket Sweep Orders (“TA ISO”) on the Exchange. As described above, the requirements for a member organization that enters a TA ISO are specified in Rule 67(a)(1)(D)(ii) and differ from the requirements for a member organization that enters an IOC ISO (as specified in Rule 13(e)(3)(A)—Equities). However, the Exchange will handle a TA ISO the same way it handles an IOC ISO in all securities.

As proposed in Rule 67(f)(1)(A), the Exchange would accept TA ISOs in all securities. Further, TA ISOs must be designated as IOC, may include a minimum trade size, and do not route. These requirements are based on existing IOC functionality, as specified in Rule 13(b)(2)—Equities governing IOC Modifiers.

In addition, proposed Rule 67(f)(1)(B) would provide that the Exchange would immediately and automatically execute

²¹ See Plan, Section I(MM).

²² Rule 67(a)(1)(D) defines Trade-at ISO to mean a limit order for a Pilot Security that meets the following requirements:

(i) When routed to a Trading Center, the limit order is identified as a Trade-at Intermarket Sweep Order; and

(ii) Simultaneously with the routing of the limit order identified as a Trade-at Intermarket Sweep Order, one or more additional limit orders, as necessary, are routed to execute against the full size of any protected bid, in the case of a limit order to sell, or the full displayed size of any protected offer, in the case of a limit order to buy, for the Pilot Security with a price that is better than or equal to the limit price of the limit order identified as a Trade-at Intermarket Sweep Order. These additional routed orders also must be marked as Trade-at Intermarket Sweep Orders.

²³ See Plan, Section VI(D).

²⁴ See 17 CFR 242.610(d).

²⁵ See 17 CFR 242.611(b).

a TA ISO against the displayed and non-displayed bid (offer) up to its full size in accordance with and to the extent provided by Exchange Rules 1000—Equities—1004—Equities and will then sweep the Exchange's book as provided in Rule 1000(d)(iii)—Equities. Any portion of the TA ISO that is not executed would be immediately and automatically cancelled. This proposed rule text is based on current Rule 13(e)(3)(B)—Equities.

As with Limit Orders designated IOC, proposed Rule 67(f)(1)(C) would provide that TA ISOs would be accepted before the Exchange opens and would be eligible to participate in the opening transaction at its limit price, but would not be accepted during a trading halt or pause for participation in a reopening transaction. This proposed rule text is based on current Rule 13(b)(2)(D)—Equities governing IOC Order participation in the opening transaction.

As noted, TA ISOs would not be accepted during a trading halt or pause of participation in a reopening transaction, which represents a change from the way the Exchange currently handles NYSE IOC Orders, which are also Limit Orders designated IOC.²⁶ Currently, NYSE IOC Orders received during a trading halt are held for participation in the reopening trade and, if not executed as part of the reopening trade, are fully or partially cancelled.²⁷

Finally, proposed Rule 67(f)(1)(D) would provide that TA ISOs may not be entered as e-Quotes, d-Quotes, or g-Quotes. This proposed rule text is based on current Rule 70(a)(i)—Equities, which provides that Floor broker agency interest files (*i.e.*, e-Quotes, d-Quotes, and g-Quotes) do not include ISOs.

Proposed Rule 67(f)(2)—Pilot Securities in Test Groups One, Two, and Three

Proposed Rule 67(f)(2) would describe the procedures for handling, executing, re-pricing and displaying of certain order types and order type instructions applicable to Pilot Securities in Test Groups One, Two and Three.

- Proposed Rule 67(f)(2)(A) would provide that references in Exchange rules to the minimum price variation ("MPV"), as defined in Supplementary Material .10 to Rule 62—Equities, would instead mean the quoting minimum price variation specified in paragraphs (c), (d), and (e) of this Rule. This proposed rule text promotes

transparency in Exchange rules to be clear that if a rule specifies that an order will be priced based off of the MPV, for Pilot Securities in Test Groups One, Two, and Three, the applicable MPV will be the quoting MPV required by the Plan.²⁸ For example, Rule 13(e)(1)(B)—Equities provides that if a Limit Order designated with an Add Liquidity Only ("ALO") modifier is marketable against Exchange interest or would lock or cross a protected quotation in violation of Rule 610(d) of Regulation NMS, the order will be re-priced and displayed one MPV, as defined in Supplementary Material .10 to Rule 62—Equities, below the best-priced sell interest (for bids) or above the best-priced buy interest (for offers). As provided for in proposed Rule 67(f)(2)(A), on arrival, the MPV applicable for Limit Orders designated ALO in Test Groups One, Two, and Three would be \$0.05.

- Consistent with the Plan, proposed Rule 67(f)(2)(B) would provide that pre-opening indications, as defined in Rule 15(a)—Equities,²⁹ would be published in \$0.05 pricing increments for Pilot Securities in Test Groups One, Two, and Three.

- Proposed Rule 67(f)(2)(C) would provide that Mid-Point Passive Liquidity ("MPL") Orders, which are undisplayed limit orders that automatically execute at the mid-point of the protected best bid ("PBB") and the protected best offer ("PBO"),³⁰ must be entered with a limit price in a \$0.05 pricing increment consistent with the Plan. While MPL Orders in all Test Groups would be eligible to trade at the midpoint of the PBBO, which may not be in a \$0.05 pricing increment, the Exchange proposes that the limit price specified for such orders must be in the quoting MPV for Test Groups One, Two, and Three.

- Proposed Rule 67(f)(2)(D) would clarify that trading collars that are not in the trading MPV for the security would be moved to the nearest price in the trading MPV for that security. Trading collars applicable to incoming Market Orders and marketable Limit Orders are specified in Rule 1000(c). As specified in that rule, Trade Collars are calculated as a specified percentage above the NBO (for buy orders) or below the NBB (for sell orders). As described in greater detail below, if the application of the percentage against the

NBBO results in a price that is not in the applicable MPV, the Exchange will round the result down to the nearest MPV. For Pilot Securities in Test Groups One and Two, because the trading MPV is \$0.01, the Exchange will use the \$0.01 MPV when rounding down the Trading Collar. For Pilot Securities in Test Group Three, the Exchange will use the \$0.05 MPV when rounding down the Trading Collar.

Proposed Rule 67(f)(3)—Pilot Securities in Test Groups Two and Three

Proposed Rule 67(f)(3) would specify procedures for handling, executing, and re-pricing of Retail Price Improvement Orders ("RPI") applicable to Pilot Securities in Test Groups Two and Three. An RPI is a non-displayed order that is priced better than the best protected bid or offer ("PBBO") utilized by Retail Liquidity Providers ("RLPs") and non-RLP member organizations to provide potential price improvement to retail investor orders.³¹ Consistent with the requirements of the Plan, which requires a minimum of \$0.005 price improvement in retail programs in Test Groups Two and Three instead of the \$0.001 price improvement specified in Rule 107C—Equities, proposed Rule 67(f)(3) would provide that RPIs must be entered with a limit price and an offset in a \$0.005 increment.

Proposed Rule 67(f)(4)—Pilot Securities in Test Group Three

Proposed Rule 67(f)(4) would specify procedures for handling, executing, re-pricing and displaying of certain order types and order type instructions applicable to Pilot Securities in Test Group Three. The proposed changes to order behavior for Pilot Securities in Test Group Three are designed to comply with the Trade-at prohibition by changing the ranking of orders that trade at non-displayed prices unless the execution is eligible for an exception.

- Under Rule 72(c)(i)—Equities, an automatically executing order will trade first with any unexecuted Market Orders, allocated on time priority, and then with displayable bids (offers). If there is insufficient displayable volume to fill the order, an automatically

²⁶ NYSE IOC Orders automatically execute against the displayed quotation up to its full size and sweep the Exchange book, as provided in Rule 1000—Equities to the extent possible, with portions of the order routed to other markets if necessary. See Rule 13(b)(2)(B)—Equities.

²⁷ See Rule 13(b)(2)(E)—Equities.

²⁸ See, e.g., Rules 13(a)(1)(A)(iv)—Equities, 13(e)(1)(B)—Equities, and 13(e)(3)(C)(ii)—Equities.

²⁹ Rule 15(a)—Equities provides that pre-opening indications will include the security and the price range within which the opening price is anticipated to occur and will be published via the securities information processor and proprietary data feeds.

³⁰ See Rule 13(d)(1)(A)—Equities.

³¹ See Rule 107C—Equities. In July 2012, the Commission approved the Retail Liquidity Program on a pilot basis. See Securities Exchange Act Release No. 67347 (July 3, 2012), 77 FR 40673 (July 10, 2012) ("RLP Approval Order") (SR—NYSEAmex-2011-84). See also Securities Exchange Act Release No. 78602 (August 17, 2016), 81 FR 57639 (August 23, 2016) (SR—NYSEMKT-2016-76) (extending pilot to December 31, 2016). The Exchange established the Program to attract retail order flow to the Exchange, and allow such order flow to receive potential price improvement. See RLP Approval Order, 77 FR at 40674.

executing order will trade next with non-displayable interest on parity. The Exchange proposes to modify these requirements for Pilot Securities in Test Group Three. Under proposed Rule 67(f)(4)(A), an incoming automatically executing order to sell (buy) will trade with displayable bids (offers) and route to protected bids (offers) before trading with an unexecuted Market Order held undisplayed at the same price. Further, proposed Rule 67(f)(4)(A) would provide that, after trading or routing, or both, any remaining balance of such an incoming automatically executing order would satisfy any unexecuted Market Orders in time priority before trading with non-displayable interest on parity. As such, proposed Rule 67(f)(4)(A) would specify the ranking of orders for Pilot Securities in Test Group Three and is designed to assure that non-displayed orders, including unexecuted Market Orders, will not price match protected quotations. Instead, the Exchange will either route or cancel an incoming order, consistent with the order's instructions, before trading with either unexecuted Market Orders or non-displayed orders.³²

- Proposed Rule 67(f)(4)(B) would set forth the trading restrictions applicable to ISOs in Test Group Three.

- Proposed Rule 67(f)(4)(B)(i) would provide that, on entry, Day ISOs would be eligible for the Trade-at ISO exception set forth in proposed Rule 67(e)(4)(C)(x). Because a member organization that enters a Day ISO to buy (sell) must simultaneously route one or more limit orders to execute against the full displayed size of any protected offer (bid), a member organization entering a Day ISO would have met the obligations specified in Rule 67(e)(4)(C)(x). Accordingly, proposed Rule 67(f)(4)(B)(i) would provide that on entry, Day ISOs would be eligible for the exception set forth in Rule 67(e)(4)(C)(x).

- Proposed Rule 67(f)(4)(B)(ii) would provide that an IOC ISO to buy (sell) would not trade with non-displayed interest to sell (buy) that is the same price as a protected offer (bid) unless the limit price of such IOC ISO is higher (lower) than the price of the protected offer (bid). As such, an arriving IOC ISO would be permitted to trade with undisplayed orders resting on the NYSE order book only if the limit price of the arriving IOC ISO order is better than the PBBO. This would be permitted under the Trade-at Prohibition because to

enter an IOC ISO to buy (sell) at a price higher (lower) than PBO (PBB), the entering firm would have been required to simultaneously route limit orders to execute against the full size of the PBO (PBB).

- Proposed Rule 67(f)(4)(C) would set forth the restrictions applicable to resting non-displayed interest, *i.e.*, a resting order to buy (sell) that is not displayed at the price at which it is eligible to trade. Resting non-displayed interest on the Exchange could include Non-Display Reserve Orders,³³ Non-Display Reserve e-Quotes,³⁴ the reserve interest of Minimum Display Reserve Orders and Minimum Display Reserve e-Quotes,³⁵ and pegging interest that is not displayed.³⁶ The proposed rule changes are designed to assure that these orders would not price match a protected quotation.

- Proposed Rule 67(f)(4)(C)(i) would provide that resting non-displayed interest to buy (sell) would not trade at the price of a protected offer (bid).

- Proposed Rule 67(f)(4)(C)(ii) would provide that resting non-displayed interest to buy (sell) would not trade at the price of a protected bid (offer) unless the incoming order to sell (buy) is a TA ISO, Day ISO, or IOC ISO that has a limit price lower (higher) than the price of the non-displayed interest. In such case, the arriving TA ISO, Day ISO, or IOC ISO would be eligible to trade with resting contra-side non-displayed interest that is priced equal to a same-side protected quote because the entering firm would have met its obligation to simultaneously route additional limit orders to trade with such protected quotation. Proposed Rule 67(f)(4)(C)(iii) would provide that, in order to avoid trading with an arriving order at the price of a protected quotation, resting non-displayed interest will either be routed, cancelled, or re-

priced, consistent with the terms of the order.

- Proposed Rule 67(f)(4)(D) would provide that d-Quotes in Pilot Securities in Test Group Three would not exercise discretion as provided for in Rule 70.25—Equities if (i) exercising such discretion would result in an execution at the price of a protected quotation, or (ii) the price of a protected bid (offer) is equal to or higher (lower) than the filed price of the d-Quote. As defined in Rule 70.25—Equities, a d-Quote is an e-Quote, *i.e.*, a Floor broker agency interest file, that has discretionary instructions as to size or price, or both. The discretionary price or size at which a d-Quote may trade is not displayed. If the discretionary instructions of a d-Quote cannot be met, it will trade as a regular e-Quote at its filed price.³⁷ As provided for in Rule 70.25(e)(v)(A)(1)—Equities, to determine whether to exercise discretion for d-Quotes on the Exchange's book, the Exchange will use the amount of discretion necessary to permit a trade on the Exchange consistent with Rule 611. Therefore, a d-Quote may exercise discretion to trade at the price of a protected quotation, but not through the price of a protected quotation. Because interest that is non-displayed cannot price match protected quotations under the Trade-at Prohibition, the Exchange proposes to amend the operation of d-Quotes in Pilot Securities in Test Group Three to prevent the possibility that exercising discretion, *i.e.*, a trade at a non-displayed price, would result in a trade at the price of a protected quotation. To effect this change, the Exchange proposes that the Exchange would not exercise discretion for a d-Quote if exercising discretion would result in an execution at the price of a protected quotation. In addition, the Exchange proposes that if the protected bid (offer) is equal to or higher (lower) than the filed price of the d-Quote, the Exchange would not exercise discretion for that d-Quote.³⁸ The Exchange believes that restricting d-Quote discretion in these circumstances would reduce the potential for non-displayed interest to

³³ A "Non Displayed Reserve Order" is a Limit Order that is not displayed, but remains available for potential execution against all incoming automatically executing orders until executed in full or cancelled. See Rule 13(d)(1)(A)—Equities.

³⁴ See Rule 70(f)(ii)—Equities.

³⁵ A "Minimum Display Reserve Order" is a Limit Order that will have a portion of the interest displayed when the order is or becomes the Exchange BBO and a portion of the interest ("reserve interest") that is not displayed. See Rules 13(d)(2)(C)—Equities and 70(f)(i)—Equities.

³⁶ See Rule 13(f)(1)(A)—Equities (Pegging interest includes non-displayable interest to buy or sell at a price to track the same-side PBBO). d-Quotes enable Floor brokers to enter discretionary instructions as to the price at which the d-Quote may trade and the number of shares to which the discretionary price instructions apply. Executions of d-Quotes within a discretionary pricing instruction range are considered non-displayable interest for purposes of Rule 72—Equities. See Rule 70.25(a)(ii)—Equities.

³⁷ See Rule 70.25(a)(iv)—Equities.

³⁸ For example, assume the Exchange has a resting d-Quote to buy with \$0.10 of price discretion that is filed at \$10.05 and there is a protected bid of \$10.05 and a protected offer of \$10.20. Assume that the Exchange receives a sell order priced at \$10.10. Under Rule 70.25, the resting d-Quote to buy could exercise price discretion to trade with that incoming order. However, under proposed Rule 67(f)(4)(D), for Pilot Securities in Test Group Three, that resting d-Quote order to buy would not exercise price discretion because it would result in a trade based on a non-displayed price that would be ahead of the same-side protected bid.

³² For example, a Do Not Ship (DNS) Order will cancel if compliance with Exchange rules or federal securities laws requires that all or part of such order be routed to another market center for execution. See Rule 13(e)(2)—Equities.

execute at the price of a protected quotation, in violation of the Trade-at Prohibition.

- Proposed Rule 67(f)(4)(E) would provide that only buy and sell orders that are entered into the Cross Function pursuant to Supplementary Material .10 to Rule 76—Equities³⁹ would be eligible for the Block Size exception to the Trade-at Prohibition set forth in Rule 67(e)(4)(C)(iii), as amended. Rule 67(e)(4)(C)(iii), described in more detail above, sets forth the Block Size exception to the Trade-at Prohibition. The Exchange believes that orders that meet the Block Size definition and that are entered pursuant to Rule 76.10—Equities would meet this exception because the Cross Function identifies when eligible orders can be executed at a price.⁴⁰

- Proposed Rule 67(f)(4)(G) would specify behavior of certain Self-Trade Prevention (“STP”) Modifiers in Test Group Three and would provide that incoming orders designated with an STPN Modifier would cancel before routing or trading with non-displayed orders if the opposite-side resting interest marked with an STP modifier with the same market participant identifier (“MPID”) is a displayed order. Rule 13(f)(3)—Equities describes the Exchange’s STP Modifiers. As provided for in Rule 13(f)(3)(A)—Equities, an incoming order designated with an STP modifier will be prevented from executing against a resting opposite-side order also designated with an STP modifier with the same MPID. Such incoming order will execute against all available opposite-side interest, displayed and non-displayed, and will be evaluated for cancellation only to the extent it would execute against opposite-side interest with an STP modifier with the same MPID. Rule 13(f)(3)(C)(i)—Equities further describes the STP Cancel Newest (“STPN”) modifier, pursuant to which, after executing with all other opposite-side interest that does not have an STP modifier with the same MPID, the remaining balance of the incoming order would cancel. For Pilot Securities in Test Group Three, because an incoming order cannot trade with non-displayed interest before routing to protected quotations, orders with an STP modifier will first be evaluated against displayed orders, then routed to protected

quotations, if applicable. Only then would an incoming order with an STP modifier be evaluated against resting non-displayed orders with an STP modifier from the same MPID. However, for Pilot Securities in Test Group Three with an STPN modifier, the Exchange proposes that if there are opposite-side displayed orders with an STP modifier from the same MPID, consistent with the STPN instruction, such incoming order with an STPN modifier would cancel in order to prevent an execution of that order against the resting displayed order with the matching STP modifier. As such, an order with an STPN modifier will not route or trade with resting non-displayed orders that do not include an STP modifier from the same MPID if there is a resting displayed order with an STP modifier from the same MPID.

- Finally, proposed Rule 67(f)(4)(G) would provide that g-Quotes and Buy Minus/Zero Plus Orders, as defined in Rule 13—Equities, would be rejected.

- A g-Quote is an electronic method for Floor brokers to represent orders that yield priority, parity and precedence based on size to displayed and non-displayed orders on the Exchange’s book, in compliance with Section 11(a)(1)(G) of the Act.⁴¹ Under the Trade-at Prohibition, however, because incoming orders would route to protected quotations before trading with non-displayed interest, a resting g-Quote would be required to yield not only to non-displayed orders on the Exchange’s book, but also protected quotations, even if the g-Quote were displayed. Because the Exchange believes that yielding to away protected quotations does not further the goals of Section 11(a)(1)(G) of the Act and Rule 11a1–1(T) thereunder,⁴² the Exchange has determined to reject G-quotes in Pilot Securities in Test Group Three. The Exchange notes that making g-Quotes unavailable in Test Group Three would not disadvantage member organizations from effecting transactions for their own account, the account of an associated person, or any other account of which it or an associated person exercises discretion at the Exchange. Such orders could be routed to an unaffiliated Floor broker for entry on the Exchange or

entered electronically into Exchange systems from an off-Floor location.

- An order with a “Buy Minus Zero Plus” instruction will not trade at a price that is higher than the last sale, subject to its limit price, if applicable.⁴³ As such, Buy Minus/Zero Plus Orders assist member organizations with compliance with the “safe harbor” provisions of Rule 10b–18 under the Act (“Rule 10b–18”) for issuer repurchases.⁴⁴ Under regular processing, an incoming order that trades with both displayed and non-displayed resting orders is reported as a single transaction to the Consolidated Tape. Under Rule 1004—Equities, that bundled reported transaction would be used to determine whether to elect a Buy Minus/Zero Plus Order. However, for Pilot Securities in Test Group Three, because the Exchange would trade an incoming order first with displayed orders and then route to protected quotations before trading with non-displayed orders, any executions against displayed orders and non-displayed orders at the same price would be reported as separate transactions to the Consolidated Tape. As such, under Rule 1004—Equities, that first print of the displayed orders could elect a Buy Minus/Zero Plus Order. The Exchange does not believe that this processing would be consistent with how Buy Minus/Zero Plus Orders function on the Exchange as it would result in the elected Buy Minus/Zero Plus Order, which would trade as a Market Order, interrupting the allocation process of that incoming order. To prevent this result, the Exchange proposes not to make this order type available for Pilot Securities in Test Group Three. As proposed, Buy Minus/Zero Plus Orders would therefore be rejected if entered in Pilot Securities in Test Group Three.

Proposed Amendments to Other Exchange Rules

The Exchange also proposes to amend Rule 80C governing the Limit Up/Limit Down (“LULD”) price controls pursuant to the NMS Plan to Address Extraordinary Market Volatility (“LULD Plan”)⁴⁵ and Rule 1000(c)—Equities governing Trading Collars in order to facilitate compliance with the Plan. These proposed rule changes are designed to facilitate compliance with

³⁹ Supplementary Material .10 to Rule 76—Equities provides for a “Cross Function” that Floor brokers may use to monitor compliance with Rule 611 of Regulation NMS. To be eligible for this Cross Function, the proposed cross transaction must be for at least 10,000 shares or a quantity of stock having a market value of \$200,000 or more.

⁴⁰ See Rule 76.10(a)—Equities.

⁴¹ Section 11(a)(1) of the Act, 15 U.S.C. 78k(a)(1), generally prohibits a member of a national securities exchange from effecting transactions on that exchange for its own account, the account of an associated person, or any account over which it or an associated person exercises discretion. Subsection (G) of Section 11(a)(1) and provides an exemption allowing an exchange member to have its own floor broker execute a proprietary transaction, also known as a “G order” provided such order yields priority, parity, and precedence.

⁴² See 15 U.S.C. 78k(a)(1); 17 CFR 240.11a2–2(T).

⁴³ The Exchange recently filed to amend Rule 13—Equities to eliminate orders with a sell “plus” and buy “minus” instruction and retain the “Buy Minus Zero Plus” instruction. See SR-NYSEMKT–2016–81.

⁴⁴ See 17 CFR 240.10b–18.

⁴⁵ See Securities Exchange Act Release No. 67091 (May 31, 2012), 77 FR 33498 (June 6, 2012) (File No. 4–631).

the Plan and would be applicable across all securities that trade at the Exchange, regardless of the applicable MPV.

In particular, the Exchange proposes to add a new subsection (8) to Rule 80C(a)—Equities that would specify that, after the Exchange opens or reopens an Exchange-listed security but before receiving Price Bands from the SIP under the LULD Plan, the Exchange would calculate Price Bands based on the first Reference Price provided to the SIP and, if such Price Bands are not in the MPV for the security, round such Price Bands to the nearest price at the applicable MPV. The Exchange would apply this standard rounding calculation regardless of the MPV of the security.

The Exchange also proposes to amend Rule 1000(c)(i)—Equities, which describes the calculation of Trading Collars, to specify that Trading Collars for both buy and sell orders that are not in the MPV for the security, as defined in Supplemental Material .10 to Rule 62—Equities, would be rounded down to the nearest price at the applicable MPV.

Proposed Non-Substantive Amendments to Rule 67

Finally, the Exchange proposes to make non-substantive, technical amendments to Rule 67. First, the Exchange proposes to amend Rule 67(a)(1)(D)(ii) to add the word “displayed” between the words “full” and “size” so that the full clause would provide “are routed to execute against the full displayed size of any protected bid.” This proposed amendment makes the rule text parallel with the existing rule text that provides “or the full displayed size of any protected offer.” Second, the Exchange proposes to amend Rule 67(e)(4)(C)(xv) to correct a typographical error and change the word “bond” to “bona” when using the phrase “bona fide error.”

Implementation Date

If the Commission approves the proposed rule changes, the proposed rule changes will be effective upon Commission approval and shall become operative upon commencement of the Pilot Period.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act⁴⁶ in general, and furthers the objectives of Section 6(b)(5) of the Act⁴⁷ in particular, in that it is designed 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.

The Plan requires the Exchange to establish, maintain, and enforce written policies and procedures that are reasonably designed to comply with applicable quoting and trading requirements specified in the Plan. The proposed rule change is designed to comply with the Plan, reduce complexity and enhance system resiliency while not adversely affecting the data collected under the Plan. The Exchange believes that the proposed rule changes are thus reasonably designed to comply with applicable quoting and trading requirements specified in the Plan and, as discussed further below, other applicable regulations.

The Exchange believes that the proposed changes to order behavior for Pilot Securities in Test Group Three would remove impediments to and perfect the mechanism of a free and open market and a national market system because they are designed, and necessary, to modify order behavior to comply with the Trade-at Prohibition by eliminating the ability for orders that can trade at a non-displayed price to price match protected quotations. As the Commission noted in the Tick Plan Approval Order, the Plan is reasonably designed to provide measurable data that should facilitate the ability of the Commission, the public, and market participants to review and analyze the effect of tick size on the trading, liquidity, and market quality of securities of smaller capitalization companies.⁴⁸ The Plan thus provides for a mechanism to provide a data-driven approach to evaluate whether certain changes to market structure for Pilot Securities would be consistent with the Commission’s mission to protect investors, maintain fair and orderly and efficient markets, and facilitate capital formation.⁴⁹ By having three test groups, the data that will be collected will demonstrate how behavior will change based on the differing requirements of the test groups. Because there are different requirements for the three Test Groups, a logical consequence is that order behavior will change depending on the requirements of each Test Group,

which is the purpose of having a pilot with three test groups.

With respect to Pilot Securities in Test Group Three, the Commission recognized the particular complexity of implementing and complying with the Trade-at Prohibition, including that trading centers would need to “monitor protected quotations on other trading centers and prevent an execution that would match the price of any such quotation unless the trading center itself was displaying a protected quotation” and that “compliance with the Trade-at Prohibition would require systems changes by trading centers.” centers that are not registered exchanges will be able to implement compliance with the Trade-at Prohibition by modifying the behavior of order types that currently price match protected quotations and without public notice and without filing any rule changes with the Commission. Such modified behavior would be applicable, and indeed required, only for Pilot Securities in Test Group Three. Applying the modified order behavior for compliance with the Trade-at Prohibition to Pilot Securities in other Test Groups would moot the differences between the Test Groups, which would thwart the ability to assess any meaningful differences in order behavior for the three Test Groups.

As a trading center, the Exchange must also modify behavior of order types to comply with the Trade-at Prohibition. However, as a registered exchange, the Exchange has rules that are filed with the Commission that describe in detail order behavior, including current order behavior that is designed in compliance with Rules 610(d) and 611 of Regulation NMS. These existing rules provide for non-displayed order types to price match protected quotations even if not displaying a quote at that price. Unlike a trading center that is not a registered exchange, the Exchange is required to file a proposed rule change to describe how it would modify order behavior in compliance with the Plan.⁵¹ For the Exchange to implement compliance with the Plan, and specifically the requirements of the Trade-at Prohibition, the Exchange assessed its order type behavior and identified those changes that would be necessary to prevent an execution on a non-

⁵⁰ *Id.* at 27530.

⁵¹ Section 19(b)(1) of the Act requires that each self-regulatory organization shall file with the Commission, in accordance with Rule 19b-4 thereunder, copies of any proposed rule or any proposed change in, addition to, or deletion from the rules of such self-regulatory organization. 15 U.S.C. 78s(b)(1).

⁴⁶ 15 U.S.C. 78f(b).

⁴⁷ 15 U.S.C. 78f(b)(5).

⁴⁸ See Tick Plan Approval Order, *supra* note 6, at 27529.

⁴⁹ *Id.*

displayed order that would match the price of protected quotation unless that Away Market is displaying a protected quotation.

The Exchange believes that the proposed changes regarding ISOs, MPL Orders, RPI Orders, resting non-displayed interest, d-Quotes, buy and sell orders entered into the Cross Function, STPN Modifiers, Buy Minus/Zero Plus Orders, and g-Quotes and how the Exchange allocates and routes incoming orders are consistent with the Act because they are intended to modify the Exchange's system to comply with the provisions of the Plan and the different requirements for the three Test Groups and are designed to assist the Exchange in meeting its regulatory obligations pursuant to the Plan. For Pilot Securities in Test Group Three, the Exchange believes that the proposed modifications to order behavior are designed to prevent executions of orders with a non-displayed working price from price matching a protected quotation. These are precisely the type of order behavior changes contemplated by the Plan; complying with the Trade-at Prohibition by definition requires differing order behavior as compared to the other Test Groups or the control group. For example, the Exchange proposes that order types that are eligible to trade at non-displayed prices that would be equal to the PBBO would be re-priced, cancelled, or routed to assure that such orders would not price match a protected quotation in violation of the Trade-at Prohibition. Likewise, for d-Quotes, for Pilot Securities in Test Group Three only, the Exchange would not exercise discretion if it could result in a violation of the Trade-at Prohibition. The Exchange would not apply these order behavior changes to Pilot Securities in Test Groups One and Two because to do so would subvert the quality of data collected; Test Groups One and Two do not have the Trade-at Prohibition and therefore non-displayed orders in those Test Groups may price match a protected quotation, provided such executions are in the applicable MPV for the security.

In addition, the Exchange proposes to reject g-Quotes and Buy Minus/Zero Plus Orders and modifying the behavior of incoming orders with an STPN modifier in Test Group Three only because application of the Trade-at Prohibition to these order types would impair the function of those order types. For g-Quotes, in order to meet the requirement to yield to all orders on the Exchange's book, including non-displayed orders, to comply with the Trade-at Prohibition, g-Quotes would also have to yield to protected

quotations, even if the g-Quote were displayed. The Exchange believes that this processing would be inconsistent with the purpose of g-Quotes. The Exchange notes that making g-Quotes unavailable in Test Group Three would not disadvantage member organizations from effecting transactions for their own account, the account of an associated person, or any other account of which it or an associated person exercises discretion at the Exchange. Such orders could be routed to an unaffiliated Floor broker for entry on the Exchange or entered electronically into Exchange systems from an off-Floor location. For Buy Minus/Zero Plus Orders, such orders are currently elected based on a bundled transaction that is reported to the Tape that includes executions of both displayed and non-displayed orders. Under the Trade-at Prohibition, because executions against displayed interest would be reported to the Consolidated Tape separately from executions against non-displayed interest, under Rule 1004, a Buy Minus/Zero Plus Order would be elected and converted to a Market Order in the middle of processing an incoming order. The Exchange believes that this would undermine the purpose of a Buy Minus/Zero Plus Order and would introduce unnecessary complexity into the processing of orders. The Exchange notes that no other exchange offers an instruction similar to the Buy Minus/Zero Plus Order. Because these proposed rule changes are intended to comply with the Plan, the Exchange believes that these proposals are in furtherance of the objectives of the Plan, as identified by the Commission, and are therefore consistent with the Act.

The Exchange further believes that that rejecting g-Quotes and Buy Minus/Zero Plus Orders for Pilot Securities in Test Group Three is consistent with the Act because the proposed changes are designed to eliminate unnecessary trading system complexity and risk. Regulation SCI required the Exchange to establish written policies and procedures reasonably designed to ensure that their systems have levels of capacity, integrity, resiliency, availability, and security adequate to maintain their operational capability and promote the maintenance of fair and orderly markets, and that they operate in a manner that complies with the Exchange Act. The proposed change is intended to reduce trading system complexity and risk to ensure the Exchange's technology remains robust and resilient.⁵² Specifically, as noted

above, to comply with the Trade-at Prohibition, both g-Quotes and Buy Minus/Zero Plus Orders would not function in the same manner as currently provided for, and the Exchange believes that applying the Trade-at Prohibition to these order types would introduce unnecessary complexity and risk that would not further the objectives of how these order types are intended to function.

Lastly, the Exchange believes that the proposed amendments to Rules 80C and 1000(c) would remove impediments to and perfect the mechanism of a free and open market and a national market system as they provide transparency regarding (1) how the Exchange would calculate and round Price Bands under the LULD Plan after the Exchange opens or reopens an Exchange-listed security but before receiving Price Bands from the SIP, and (2) that Trading Collars for both buy and sell orders that are not in the MPV for the security would be rounded down to the nearest price at the applicable MPV.

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 rule change is intended to assist the Exchange in meeting its regulatory obligations pursuant to the Plan, reduce system complexity, and enhance resiliency. The Plan requires all trading centers, including over-the-counter markets, to implement changes to comply with the requirements of the Plan and specifically the Trade-at Prohibition. The Exchange fully expects that, in order to comply with the Trade-at Prohibition, trading centers other than registered exchanges will modify the behavior of orders for Pilot Securities in Test Group Three that will not be applied to Pilot Securities in Test Groups One and Two. Unlike such trading centers, as a self-regulatory organization, under Section 19(b)(1) of the Act,⁵³ the Exchange is required to file proposed rule changes for any modifications to order behavior that it proposes for the Plan. The absence of Commission approval of these proposed rule changes would impose a burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act because trading

technological risks. See Chair Mary Jo White, Commission, "Enhancing Our Equity Market Structure" (June 5, 2014), available at <https://www.sec.gov/News/Speech/Detail/Speech/1370542004312#.VD2HW610w6Y>.

⁵³ 15 U.S.C. 78s(b)(1).

⁵² The Commission has expressed concern regarding potential market instability caused by

centers that are not registered exchanges would be able to implement changes to comply with the Plan, but the Exchange would not. The Exchange believes that a disapproval of the Exchange's proposed rules would therefore put the Exchange at a competitive disadvantage vis-à-vis the over-the-counter markets because such trading centers would be able to modify the behavior of non-displayed orders in Test Group Three without restriction. The Exchange further notes that the proposed rule change will apply equally to all member organizations that trade Pilot Securities.

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 respectfully requests accelerated effectiveness of this proposed rule change pursuant to Section 19(b)(2) of the Act.⁵⁴ The Exchange believes that there is good cause for the Commission to accelerate effectiveness because the proposed rule changes are designed to specify procedures for the handling, executing, re-pricing and displaying of certain order types and order type instructions applicable to Pilot Securities in Test Groups One, Two, and Three. In determining the scope of these proposed changes to implement the Plan, the Exchange reviewed its order types and identified which orders and instructions would be inconsistent with the Plan and propose to modify the operation of such order types so they will comply with the Plan, or, to the extent inconsistent with the Plan, eliminate them. These proposed changes are consistent with the protection of investors and the public interest because they are designed to comply with the Plan and to allow the Exchange to meet its regulatory obligations under the Plan. Because the Plan will be implemented beginning on October 3, 2016, the Exchange believes there is good cause to accelerate effectiveness so that the Exchange may implement the proposed changes concurrent with the implementation date of the Plan.

Within 45 days of the date of publication of this notice in the **Federal Register** or up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate

and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) By order approve or disapprove the proposed rule change, or
- (B) institute proceedings to determine whether the proposed rule change should be 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-NYSEMKT-2016-83 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-NYSEMKT-2016-83. 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 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-

NYSEMKT-2016-83, and should be submitted on or before September 29, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁵⁵

Brent J. Fields,
Secretary.

[FR Doc. 2016-22152 Filed 9-14-16; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

Submission for OMB Review; Comment Request

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE., Washington, DC 20549-2736.

Extension:

Rule 15Bc3-1 and Form MSDW, SEC File No. 270-93, OMB Control No. 3235-0087.

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 ("PRA") (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission ("Commission") has submitted to the Office of Management and Budget ("OMB") a request for approval of extension of the previously approved collection of information provided for in Rule 15Bc3-1 (17 CFR 240.15Bc3-1) and Form MSDW (17 CFR 249.1110) under the Securities Exchange Act of 1934 (17 U.S.C. 78a *et seq.*).

Rule 15Bc3-1 provides that a notice of withdrawal from registration with the Commission as a bank municipal securities dealer must be filed on Form MSDW. The Commission uses the information contained in Form MSDW in determining whether it is in the public interest to permit a bank municipal securities dealer to withdraw its registration. This information is also important to the municipal securities dealer's customers and to the public, because it provides, among other things, the name and address of a person to contact regarding any of the municipal securities dealer's unfinished business.

Based upon past submissions, the staff estimates that, on an annual basis, approximately five bank municipal securities dealers will file a notice of withdrawal from registration with the Commission as a bank municipal securities dealer on Form MSDW. The staff estimates that the average number of hours necessary to comply with the notice requirements set out in Rule 15Bc3-1 and Form MSDW is 0.5 per

⁵⁴ 15 U.S.C. 78s(b)(2).

⁵⁵ 17 CFR 200.30-3(a)(12).