

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-73969; File No. SR-NYSEMKT-2014-112]

Self-Regulatory Organizations; NYSE MKT LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Proposes To Amend NYSE MKT Rule 500—Equities To Extend the Operation of the Pilot Program That Allows “UTP Securities” To Be Traded on the Exchange Pursuant to a Grant of Unlisted Trading Privileges

December 31, 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 December 23, 2014, 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 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 MKT Rule 500—Equities to extend the operation of the pilot program that allows “UTP Securities” to be traded on the Exchange pursuant to a grant of unlisted trading privileges. The pilot program is currently scheduled to expire on December 31, 2014; the Exchange proposes to extend it until the earlier of Commission approval to make such pilot permanent or July 31, 2015. 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, on the Commission’s Web site at www.sec.gov, 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 NYSE MKT Rule 500—Equities to extend the operation of the pilot program that allows “UTP Securities” to be traded on the Exchange pursuant to a grant of unlisted trading privileges.⁴ The pilot program is currently scheduled to expire on December 31, 2014; the Exchange proposes to extend it until the earlier of Commission approval to make such pilot permanent or July 31, 2015.

NYSE MKT Rules 500–525—Equities, as a pilot program, govern the trading of any “UTP Securities” on the Exchange pursuant to unlisted trading privileges (“UTP Pilot Program”).⁵ The Exchange hereby seeks to extend the operation of the UTP Pilot Program, currently scheduled to expire on December 31, 2014, until the earlier of Commission approval to make such pilot permanent or July 31, 2015.

The UTP Pilot Program includes any security, other than a security that is listed on the Exchange, that (i) is designated as an “eligible security”

⁴ “UTP Securities” is included within the definition of “security” as that term is used in the NYSE MKT Equities Rules. See NYSE MKT Rule 3—Equities. In accordance with this definition, UTP Securities are admitted to dealings on the Exchange on an “issued,” “when issued,” or “when distributed” basis. See NYSE MKT Rule 501—Equities.

⁵ See Securities Exchange Act Release No. 62479 (July 9, 2010), 75 FR 41264 (July 15, 2010) (SR-NYSEAmex-2010-31). See also Securities Exchange Act Release Nos. 62857 (September 7, 2010), 75 FR 55837 (September 14, 2010) (SR-NYSEAmex-2010-89); 63601 (December 22, 2010), 75 FR 82117 (December 29, 2010) (SR-NYSEAmex-2010-124); 64746 (June 24, 2011), 76 FR 38446 (June 30, 2011) (SR-NYSEAmex-2011-45); 66040 (December 23, 2011), 76 FR 82324 (December 30, 2011) (SR-NYSEAmex-2011-104); 67497 (July 25, 2012), 77 FR 45404 (July 31, 2012) (SR-NYSEMKT-2012-25); 68561 (January 2, 2013), 78 FR 1290 (January 8, 2013) (SR-NYSEMKT-2012-86); 69814 (June 20, 2013), 78 FR 38762 (June 27, 2013) (SR-NYSEMKT-2013-53); 71363 (January 21, 2014), 79 FR 4373 (January 27, 2014) (SR-NYSEMKT-2014-01); and 72624 (July 16, 2014), 79 FR 42595 (July 22, 2014) (SR-NYSEMKT-2014-59). The UTP Pilot Program was originally limited to securities listed on the Nasdaq Stock Market LLC (“Nasdaq Securities”), but the Exchange recently expanded the UTP Pilot Program beyond Nasdaq Securities. See Securities Exchange Act Release No. 71952 (April 16, 2014), 79 FR 22558 (April 22, 2014) (SR-NYSEMKT-2014-32).

pursuant to the “UTP Plan,”⁶ (ii) has been admitted to dealings on the Exchange pursuant to a grant of unlisted trading privileges in accordance with section 12(f) of the Act,⁷ and (iii) if it is an “Exchange Traded Product” (“ETP”) that does not have any component security that is listed or traded on the Exchange or the New York Stock Exchange LLC (“NYSE”); provided, however, that the Invesco PowerShares QQQ™ (the “QQQ”™) may be admitted to dealings on the Exchange pursuant to a grant of unlisted trading privileges although one or more component securities of the QQQ may be listed or traded on the Exchange or the NYSE, subject to the conditions of Rule 504(b)(5)—Equities.

The Exchange notes that its New Market Model Pilot (“NMM Pilot”), which, among other things, eliminated the function of specialists on the Exchange and created a new category of market participant, the Designated Market Maker (“DMM”),⁸ is also scheduled to end on December 31, 2014.⁹ The timing of the operation of

⁶ With respect to Nasdaq Securities, the term “UTP Plan” means the Joint Self-Regulatory Organization Plan Governing the Collection, Consolidation and Dissemination of Quotation and Transaction Information for Nasdaq-listed Securities Traded on Exchanges on an Unlisted Trading Privilege Basis, as amended from time to time, filed with and approved by the Commission. See Securities Exchange Act Release No. 70953 (November 27, 2013), 78 FR 72932 (December 4, 2013) (File No. S7-24-89). The Exchange’s predecessor, the American Stock Exchange LLC, joined the UTP Plan in 2001. See Securities Exchange Act Release No. 55647 (April 19, 2007), 72 FR 20891 (April 26, 2007) (File No. S7-24-89). In March 2009, the Exchange changed its name to NYSE Amex LLC, and, in May 2012, the Exchange subsequently changed its name to NYSE MKT LLC. See Securities Exchange Act Release Nos. 59575 (March 13, 2009), 74 FR 11803 (March 19, 2009) (SR-NYSEALTR-2009-24) and 67037 (May 21, 2012), 77 FR 31415 (May 25, 2012) (SR-NYSEAmex-2012-32). With respect to all other UTP Securities, the term “UTP Plan” means the Consolidated Tape Association Plan for the Dissemination of Last Sale Prices of Transactions in Eligible Securities, as amended from time to time, filed with and approved by the Commission. See Securities Exchange Act Release No. 10787 (May 10, 1974), 39 FR 17799 (May 20, 1974) (declaring the CTA Plan effective). See also Securities Exchange Release No. 70794 (October 31, 2013), 78 FR 66789 (November 6, 2013) (SR-CTA-2013-05).

⁷ 15 U.S.C. 78l.

⁸ See NYSE MKT Rule 103—Equities.

⁹ See Securities Exchange Act Release No. 60758 (October 1, 2009), 74 FR 51639 (October 7, 2009) (SR-NYSEAmex-2009-65). See also Securities Exchange Act Release Nos. 61030 (November 19, 2009), 74 FR 62365 (November 27, 2009) (SR-NYSEAmex-2009-83); 61725 (March 17, 2010), 75 FR 14223 (March 24, 2010) (SR-NYSEAmex-2010-28); 62820 (September 1, 2010), 75 FR 54935 (September 9, 2010) (SR-NYSEAmex-2010-86); 63615 (December 29, 2010), 76 FR 611 (January 5, 2011) (SR-NYSEAmex-2010-123); 64773 (June 29, 2011), 76 FR 39453 (July 6, 2011) (SR-NYSEAmex-2011-43); 66042 (December 23, 2011), 76 FR 82326 (December 30, 2011) (SR-NYSEAmex-2011-102);

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

the UTP Pilot Program was designed to correspond to that of the NMM Pilot. In approving the UTP Pilot Program, the Commission acknowledged that the rules relating to DMM benefits and duties in trading Nasdaq Securities on the Exchange pursuant to the UTP Pilot Program are consistent with the Act¹⁰ and noted the similarity to the NMM Pilot, particularly with respect to DMM obligations and benefits¹¹—the Exchange considers the same to be true with respect to all UTP Securities, including for ETPs that are included in the UTP Pilot Program. Furthermore, the UTP Pilot Program rules pertaining to the assignment of securities to DMMs are substantially similar to the rules implemented through the NMM Pilot.¹² The Exchange has similarly filed to extend the operation of the NMM Pilot until the earlier of Commission approval to make the NMM Pilot permanent or July 31, 2015.¹³

Extension of the UTP Pilot Program in tandem with the NMM Pilot, both from December 31, 2014 until the earlier of Commission approval to make such pilots permanent or July 31, 2015, will provide for the uninterrupted trading of UTP Securities on the Exchange on an unlisted trading privileges basis and thus continue to encourage the additional utilization of, and interaction with, the Exchange, and provide market participants with improved price discovery, increased liquidity, more competitive quotes and greater price improvement for UTP Securities.

The proposed change is not otherwise intended to address any other issues and the Exchange is not aware of any problems that member organizations would have in complying with the proposed change.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange. In particular, the Exchange believes that its proposal to extend the UTP Pilot Program is consistent with (i) section 6(b) of the Act,¹⁴ in general, and

further the objectives of section 6(b)(5) of the Act,¹⁵ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, 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; (ii) section 11A(a)(1) of the Act,¹⁶ in that it seeks to ensure the economically efficient execution of securities transactions and fair competition among brokers and dealers and among exchange markets; and (iii) section 12(f) of the Act,¹⁷ which governs the trading of securities pursuant to unlisted trading privileges consistent with the maintenance of fair and orderly markets, the protection of investors and the public interest, and the impact of extending the existing markets for such securities.

Specifically, the Exchange believes that extending the UTP Pilot Program would provide for the uninterrupted trading of UTP Securities on the Exchange on an unlisted trading privileges basis and thus continue to encourage the additional utilization of, and interaction with, the Exchange, thereby providing market participants with additional price discovery, increased liquidity, more competitive quotes and potentially greater price improvement for UTP Securities. Additionally, under the UTP Pilot Program, UTP Securities trade on the Exchange pursuant to rules governing the trading of Exchange-Listed securities that previously have been approved by the Commission. Accordingly, this proposed rule change would permit the Exchange to extend the effectiveness of the UTP Pilot Program in tandem with the NMM Pilot, which the Exchange has similarly proposed to extend until the earlier of Commission approval to make such pilot permanent or July 31, 2015.¹⁸

Finally, the Exchange believes that it is subject to significant competitive forces, as described below in the Exchange's statement regarding the burden on competition. For these reasons, the Exchange believes that the proposal is consistent with the Act.

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

In accordance with section 6(b)(8) of the Act,¹⁹ the Exchange believes that the proposed rule change would not impose

any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes that extending the UTP Pilot Program will promote competition in the trading of UTP Securities and thereby provide market participants with opportunities for improved price discovery, increased liquidity, more competitive quotes, and greater price improvement.

Finally, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues. In such an environment, the Exchange must continually review, and consider adjusting the services it offers and the requirements it imposes to remain competitive with other U.S. equity exchanges. For the reasons described above, the Exchange believes that the proposed rule change reflects this competitive environment.

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 Act²⁰ and Rule 19b-4(f)(6)²¹ 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.²²

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)²³ permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The

67495 (July 25, 2012), 77 FR 45406 (July 31, 2012) (SR-NYSEMKT-2012-21); 68559 (January 2, 2013), 78 FR 1286 (January 8, 2013) (SR-NYSEMKT-2012-84); 69812 (June 20, 2013), 78 FR 38766 (June 27, 2013) (SR-NYSEMKT-2013-51); 71342 (January 17, 2014), 79 FR 4197 (January 24, 2014) (SR-NYSEMKT-2014-02); and 72622 (July 16, 2014), 79 FR 42600 (July 22, 2014) (SR-NYSEMKT-2014-57).

¹⁰ 15 U.S.C. 78.

¹¹ See SR-NYSEAmex-2010-31, *supra* note 5, at 41271.

¹² *Id.*

¹³ See SR-NYSEMKT-2014-109.

¹⁴ 15 U.S.C. 78f(b).

¹⁵ 15 U.S.C. 78f(b)(5).

¹⁶ 15 U.S.C. 78k-1(a)(1).

¹⁷ 15 U.S.C. 781(f).

¹⁸ See *supra* note 13.

¹⁹ 15 U.S.C. 78f(b)(8).

²⁰ 15 U.S.C. 78s(b)(3)(A).

²¹ 17 CFR 240.19b-4(f)(6).

²² 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.

²³ 17 CFR 240.19b-4(f)(6)(iii).

Exchange has requested that the Commission waive the 30-day operative delay period so that the proposal may become operative before the pilot's expiration. The Exchange stated that an immediate operative date is necessary in order to immediately implement the proposed rule change so that member organizations could continue to benefit from the pilot program without interruption after December 31, 2014.

The Commission believes that waiver of the 30-day operative delay period is consistent with the protection of investors and the public interest. Specifically, the Commission believes that the proposal would allow the pilot to continue uninterrupted, thereby avoiding any potential investor confusion that could result from the temporary interruption in the pilot program. For these reasons, the Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest, and designates the proposed rule change to be operative on December 31, 2014.²⁴

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.²⁵

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-2014-112 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-2014-112. 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-NYSEMKT-2014-112 and should be submitted on or before January 28, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁶

Brent J. Fields,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-73972; File No. SR-NASDAQ-2014-126]

Self-Regulatory Organizations; The NASDAQ Stock Market, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Modify Nasdaq's Rule Governing Modification of Orders in the Event of an Issuer Corporate Action Related to a Dividend, Payment or Distribution

December 31, 2014.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on December

18, 2014, The NASDAQ Stock Market LLC ("Nasdaq" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. 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 the Substance of the Proposed Rule Change

The text of the proposed rule change is available on the Exchange's Web site at <http://nasdaq.cchwallstreet.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 Exchange 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 these 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 aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

Nasdaq Rule 4761 addresses the treatment of quotes/orders in securities that are the subject of issuer corporate actions related to a dividend, payment or distribution. The rule applies to any trading interest that is carried on the Nasdaq Market Center book overnight. As a general matter, Nasdaq cancels open quotes/orders in the event of any corporate action related to a dividend, payment or distribution, on the ex-date of the action. The cancellation occurs immediately prior to the opening of trading at 4 a.m. on the ex-date of the corporate action, and the member receives a cancellation notice, so that it can, if it desires, reenter the order at the commencement of trading on the ex-date.

Prior to 2013, Nasdaq Rule 4761 provided for a complex variety of adjustments of quotes and orders carried on the Nasdaq book overnight; depending on the nature of the

²⁴ 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).

²⁵ 15 U.S.C. 78s(b)(3)(C).

²⁶ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.