



8011-01p
SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-74650; File No. SR-NYSEMKT-2015-21)

April 6, 2015

Self-Regulatory Organizations; NYSE MKT LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending Rule 1000 – Equities to Reflect that Exchange Systems will Reject Incoming Orders of Over 1,000,000 Shares that are Marketable Upon Arrival

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 March 23, 2015, 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 Rule 1000 – Equities to reflect that Exchange systems will reject incoming orders of over 1,000,000 shares that are marketable upon arrival. The text of the proposed rule change is available on the Exchange’s website at www.nyse.com, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

¹ 15 U.S.C.78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

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 1000 – Equities (Automatic Execution of Limit Orders Against Orders Reflected in Exchange Published Quotation) (“Rule 1000”) to reflect that Exchange systems will reject incoming orders of over 1,000,000 shares that are marketable upon arrival against interest in Exchange systems.

Currently, Exchange systems accept orders up to a maximum order size of 25,000,000 shares.⁴ Rule 1000 provides that market and limit orders of up to 1,000,000 shares are eligible to initiate or participate in automatic executions on the Exchange. However, because an order of over 1,000,000 shares in size is ineligible for automatic execution, if such an order is marketable on arrival, the Exchange suspends automatic executions in that security and it is auto-quoted with a “slow” quote condition. When a symbol is in a “slow” quote condition, its quote is not protected under Regulation NMS.⁵ Orders for more than 1,000,000 shares that are not

⁴ See Rule 1000 – Equities.

⁵ Rule 611 of Regulation NMS requires that trading centers have policies and procedures reasonably designed to prevent trade throughs on that trading center of protected quotations in NMS Stocks. 17 CFR 242.611(a). Importantly, to be a protected quotation,

marketable upon arrival do not suspend automatic executions or cause a slow quote condition. Rather, non-marketable orders of over 1,000,000 shares in size rest on the Exchange's limit order book and are available as liquidity to interact with incoming contra-side interest.

The Exchange proposes to amend Rule 1000 to provide that incoming orders of over 1,000,000 shares that are marketable upon arrival would be rejected. The Exchange believes it is appropriate to reject marketable orders ineligible for automatic execution in order to reduce the potential that the Exchange would suspend automatic executions and disseminate a "slow" quote that permits other market centers to trade through the Exchange's quotations in that security. In addition, the Exchange notes that an order of such size that is marketable upon arrival may be an order entry error, and therefore rejecting the order puts the submitter of the order on notice of the large size of the order.

Because of the technology changes associated with the proposed rule change, the Exchange proposes to announce the implementation date via Trader Update.

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, promote just and equitable principles of trade, remove impediments to and perfect the mechanism of a free and open market and a national market system, and protect investors and the public interest. In

it must be an automated quotation that is the best bid or offer of an exchange. 17 CFR 242.603(b)(57)(iii).

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(5).

particular, the Exchange believes that rejecting large orders ineligible for automatic execution rather than triggering a suspension of automatic executions in the relevant security would remove impediments to and perfect the mechanism of a free and open market and a national market system by reducing the potential that the Exchange would suspend automatic executions and disseminate a “slow” quote that permits other market centers to trade through the Exchange’s quotations in the relevant security. The Exchange also believes that rejecting large orders ineligible for automatic execution would assist with the maintenance of fair and orderly markets by helping to mitigate the risk that a large order that is marketable upon arrival may be an order entry error, and therefore rejecting the order puts the submitter of the order on notice of the large size of the order. For the same reasons, the proposal is also designed to protect investors as well as the public interest.

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 not intended to address competitive issues but rather to prevent unnecessary suspension of automatic executions on the Exchange’s marketplace and reduce the likelihood that large, marketable orders may be an order entry error.

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 proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6)(iii) thereunder.¹⁰

A proposed rule change filed under Rule 19b-4(f)(6)¹¹ normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),¹² the Commission may 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 such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act¹³.

⁸ 15 U.S.C. 78s(b)(3)(A)(iii).

⁹ 17 CFR 240.19b-4(f)(6).

¹⁰ 17 CFR 240.19b-4(f)(6). 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).

¹² 17 CFR 240.19b-4(f)(6)(iii).

¹³ 15 U.S.C. 78s(b)(3)(C).

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NYSEMKT-2015-21 on the subject line.

Paper comments:

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NYSEMKT-2015-21. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing will also be available for inspection and copying at the NYSE's principal office and on its Internet website at www.nyse.com. All comments received

will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available

publicly. All submissions should refer to File Number SR- NYSEMKT-2015-21 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁴

Brent J. Fields
Secretary

[FR Doc. 2015-08198 Filed: 4/9/2015 08:45 am; Publication Date: 4/10/2015]

¹⁴ 17 CFR 200.30–3(a)(59).