



8011-01p
SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-75139; File No. SR-NYSE-2015-28)

June 10, 2015

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending the Price List to Revise Fees and Credits for Mid-Point Passive Liquidity Orders and Non Displayed Reserve Orders and to Revise Credits Applicable to Certain Transactions at the Open, Certain Designated Market Maker transactions, and Certain Supplemental Liquidity Provider Transactions

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 May 27, 2015, New York Stock Exchange LLC (“NYSE” or the “Exchange”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, 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 its Price List to revise (i) fees and credits for Mid-Point Passive Liquidity Orders and Non-Displayed Reserve Orders; (ii) credits applicable to certain transactions at the open; (iii) credits applicable to certain Designated Market Maker transactions; and (iv) credits applicable to Supplemental Liquidity

¹ 15 U.S.C.78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

Providers. The Exchange proposes to implement the fee change effective June 1, 2015.

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.

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 its Price List to revise (i) fees and credits for Mid-Point Passive Liquidity ("MPL") Orders and Non-Displayed Reserve Orders; (ii) credits applicable to certain transactions at the open; (iii) credits applicable to certain Designated Market Maker ("DMM") transactions; and (iv) credits applicable to Supplemental Liquidity Providers ("SLPs").

MPL Orders and Non-Displayed Reserve Orders

An MPL Order is an undisplayed limit order that trades at the mid-point of the best protected bid ("PBB") and best protected offer ("PBO"), as such terms are defined in Regulation NMS Rule 600(b)(57) (together, "PBBO").

The Exchange currently charges \$0.0025 per share for all MPL Orders, not

designated as “retail” under Rule 13, for securities priced \$1.00 or more that remove liquidity from the Exchange. The Exchange proposes to amend its Price List to increase the charge for such MPL Orders from \$0.0025 per share to \$0.0027 per share.

The proposed change would not affect transaction fees for MPL Orders that remove liquidity from the Exchange and that are designated with a “retail modifier” as defined in Rule 13.⁴

The Exchange currently provides a credit of \$0.0020 per share for executions of MPL Orders that provide liquidity for securities priced \$1.00 or more. With respect to market participants, including floor brokers and SLPs, but not DMMs, the Exchange proposes to amend its Price List to replace the credit of \$0.0020 per share for MPL Orders that provide liquidity for securities priced \$1.00 or more with the following credits:

- A \$0.0030 per share transaction credit for MPL Orders that provide liquidity from a member organization that has Adding ADV in MPL Orders that is at least 1.5 million shares, excluding any liquidity added by a Designated Market Maker (“MPL Order Tier”).⁵
- A \$0.0015 per share transaction credit for MPL Orders that provide liquidity from a member organization that does not meet the above Adding ADV threshold.

⁴ MPL Orders that remove liquidity from the Exchange and that are designated with a “retail” modifier as defined in Rule 13 would continue not to be charged transaction fees.

⁵ Footnote 2 to the Price List defines ADV as “average daily volume” and “Adding ADV” as ADV that adds liquidity to the Exchange during the billing month. The Exchange is not proposing to change these definitions.

Because the credits for MPL Orders that add liquidity would be as specified above, the Exchange also proposes to add, to each of the descriptions of the Non-Tier Adding Credit, Tier 1 Adding Credit, Tier 2 Adding Credit, Tier 3 Adding Credit, the Equity per Share Credit for retail orders, and the Credit per Share for execution of orders sent to floor brokers, language that excludes MPL orders from the applicable credit. For SLP Tier 1, SLP Tier 2, and SLP Tier 3 (as defined below in “SLPs”), the Exchange also proposes to add language that excludes MPL Orders from the applicable credit.

In addition, the Exchange proposes to amend its Price List to increase the transaction credit for DMMs in securities with a per share price of \$1.00 or more of \$0.0020 per share for MPL Orders that provide liquidity to the Exchange to \$0.0030 per share for MPL Orders that provide liquidity to the Exchange. For clarity, the Exchange is proposing to specify this credit for liquidity by adding MPL Orders separately in the Price List under the section entitled “Fees and Credits applicable to Designated Market Makers (“DMMs”).” Further, the Exchange is proposing to include language that excludes MPL orders from the other DMM per share rebates for adding liquidity.

Finally, the Exchange currently provides a credit of \$0.0010 per share for executions of Non-Displayed Reserve Orders for market participants, other than SLPs, that provide liquidity. The Exchange proposes to eliminate that credit. Accordingly, the Exchange is proposing to add to each of the descriptions of the Non-Tier Adding Credit, Tier 1 Adding Credit, Tier 2 Adding Credit, Tier 3 Adding Credit, and the Equity per Share Credit for retail orders language that excludes Non-Displayed Reserve Orders from the applicable credit.

Credits for Execution of Certain Orders at the Opening

The Exchange proposes to amend its Price List for certain executions at the opening.

For securities priced \$1.00 or more, the Exchange currently charges a fee of \$0.0010 per share for executions at the opening or at the opening only orders, subject to a monthly fee cap of \$20,000 per member organization for such executions. The Exchange proposes to raise the monthly fee cap for transaction fees for at the opening or at the opening only orders to \$30,000 per member organization for securities priced \$1.00 or greater.⁶ The \$0.0010 per share fee for executions at the opening or at the opening only orders would not be changed. DMMs currently are not charged for executions at the opening and would continue to not be charged.

DMMs

The section of the Exchange's Price List entitled "Fees and Credits applicable to Designated Market Makers ("DMMs")" sets out different monthly rebate amounts to DMMs depending on the average daily consolidated volume of the security and the DMM quoting percentage in any month in which the DMM meets the Less Active Securities Quoting Requirement. The DMM meets the "Less Active Securities Quoting Requirement" when a security has a consolidated ADV of less than 1,000,000 shares per month in the previous month and a stock price of \$1.00 or more, and the DMM quotes at the National Best Bid or Offer ("NBBO") in the applicable security at least 15% of the time in the applicable month.

The term "ADV" in this section currently is defined as "average daily

⁶ The existing pricing for executions at the opening in securities priced below \$1.00 would also remain unchanged (i.e., 0.3% of the total dollar value of the transaction).

consolidated volume.” The Exchange proposes to change the name of the term to “Security CADV” to clarify that the term refers to consolidated volume for the applicable security, and to remove any confusion with the term “ADV” as defined and used elsewhere in the Price List. The Exchange proposes to make conforming changes to use the term “Security CADV” in place of “ADV” throughout this section of the Price List.

The Exchange also proposes to change the monthly rebate amounts to DMMs depending on the Security CADV and the DMM quoting percentage. The monthly rebate payable to DMMs for securities with a Security CADV of 100,000 up to 250,000 shares in the previous month is currently \$250 when the DMM quotes at the NBBO 20% of the time or more in an applicable security and \$200 if the DMM quotes at the NBBO at least 15% and up to 20% of the time in an applicable month in an applicable security. For these securities, the Exchange proposes monthly rebates as follows:

- \$450 rebate if the DMM quotes at the NBBO 50% of the time or more in an applicable security.
- \$375 rebate if the DMM quotes at the NBBO at least 40% and up to 50% of the time in an applicable month in an applicable security.
- \$300 rebate if the DMM quotes at the NBBO at least 30% and up to 40% of the time in an applicable month in an applicable security.
- \$225 rebate if the DMM quotes at the NBBO at least 20% and up to 30% of the time in an applicable month in an applicable security.
- \$150 rebate if the DMM quotes at the NBBO at least 15% and up to 20% of the time in an applicable month in an applicable security.

The current monthly rebate payable to DMMs for securities with a Security

CADV of less than 100,000 shares in the previous month is \$175 when the DMM quotes at the NBBO 20% of the time or more in an applicable security and \$125 if the DMM quotes at the NBBO at least 15% and up to 20% of the time in an applicable month in an applicable security. For these securities, the Exchange proposes monthly rebates as follows:

- \$400 rebate if the DMM quotes at the NBBO 50% of the time or more in an applicable security.
- \$325 rebate if the DMM quotes at the NBBO at least 40% and up to 50% of the time in an applicable month in an applicable security.
- \$250 rebate if the DMM quotes at the NBBO at least 30% and up to 40% of the time in an applicable month in an applicable security.
- \$175 rebate if the DMM quotes at the NBBO at least 20% and up to 30% of the time in an applicable month in an applicable security.
- \$100 rebate if the DMM quotes at the NBBO at least 15% and up to 20% of the time in an applicable month in an applicable security.

In addition, the Exchange proposes to add monthly rebates to the Price List for securities with a Security CADV of 250,000 up to 1,500,000 shares in the previous month, which would apply, as with the other two categories of rebates, in any month in which the DMM meets the Less Active Securities Quoting Requirement in an applicable security, and as follows:

- \$500 rebate if the DMM quotes at the NBBO 50% of the time or more in an applicable security.
- \$425 rebate if the DMM quotes at the NBBO at least 40% and up to 50%

of the time in an applicable month in an applicable security.

- \$350 rebate if the DMM quotes at the NBBO at least 30% and up to 40% of the time in an applicable month in an applicable security.
- \$275 rebate if the DMM quotes at the NBBO at least 20% and up to 30% of the time in an applicable month in an applicable security.
- \$200 rebate if the DMM quotes at the NBBO at least 15% and up to 20% of the time in an applicable month in an applicable security.

Finally, as noted above, because the Exchange is proposing to list separately the credit to DMMs for liquidity adding MPL Orders, the Exchange is proposing to exclude MPL orders from the other DMM per share rebates for adding liquidity listed in this section.

SLPs

SLPs are eligible for certain credits when adding liquidity to the Exchange. The amount of the credit is currently determined by the “tier” for which the SLP qualifies, which is generally based on the SLP’s level of quoting and the ADV of liquidity added by the SLP in assigned securities.

Currently, when adding liquidity to the NYSE in securities with a share price of \$1.00 or more, an SLP is eligible for a credit of \$0.0023 per share traded if the SLP (1) meets the 10% average or more quoting requirement in assigned securities pursuant to Rule 107B and (2) adds liquidity for assigned SLP securities in the aggregate⁷ of an

⁷ Under Rule 107B, an SLP can be either a proprietary trading unit of a member organization (“SLP-Prop”) or a registered market maker at the Exchange (“SLMM”). For purposes of the 10% average or more quoting requirement in assigned securities pursuant to Rule 107B, quotes of an SLP-Prop and an SLMM of the same member organization are not aggregated. However, for purposes of

ADV⁸ of more than 0.20% of NYSE CADV,⁹ or an SLP that is also a DMM and subject to Rule 107B(i)(2)(a),¹⁰ more than 0.15% of NYSE CADV (“SLP Tier 3”). In the case of Non-Displayed Reserve Orders, the SLP credit is \$0.0018 and in the case of MPL Orders, the credit is \$0.0020. For less active SLP securities (i.e. securities with an ADV in the previous month of 500,000 share or less per month (“Less Active SLP Securities”)), the SLP is eligible for a per share credit of \$0.0028; \$0.0023 if a Non-Displayed Reserve Order; or \$0.0020 if an MPL Order.

Similarly, an SLP adding liquidity in securities with a per share price of \$1.00 or more is eligible for a per share credit of \$0.0026 if the SLP: (1) meets the 10% average or more quoting requirement in an assigned security pursuant to Rule 107B; and (2) adds liquidity for all assigned SLP securities in the aggregate of an ADV of more than 0.35% of NYSE CADV, or for an SLP that is also a DMM and subject to Rule 107B(i)(2)(a), more than 0.30% of NYSE CADV¹¹ (“SLP Tier 2”). In the case of Non-Displayed Reserve Orders, the SLP credit is \$0.0021 and in the case of MPL Orders, the credit is \$0.0020. For Less Active SLP Securities, the SLP is eligible for a per share credit of

adding liquidity for assigned SLP securities in the aggregate, shares of both an SLP-Prop and an SLMM of the same member organization are included.

⁸ The defined term, “ADV,” used here as defined in footnote 2 to the Price List. See supra note 5.

⁹ NYSE CADV is defined in the Price List as the consolidated average daily volume of NYSE-listed securities.

¹⁰ Rule 107B(i)(2)(A) prohibits a DMM from acting as a SLP in the same securities in which it is a DMM.

¹¹ In determining whether an SLP meets the requirement to add liquidity in the aggregate of an ADV of more than 0.35% or 0.30% depending on whether the SLP is also a DMM, the SLP may include shares of both an SLP-Prop and an SLMM of the same member organization.

\$0.0031; 0.0026 if a Non-Displayed Reserve Order; or \$0.0020 if an MPL Order.

An SLP adding liquidity in securities with a per share price of \$1.00 or more is eligible for a per share credit of \$0.0029 if the SLP: (1) meets the 10% average or more quoting requirement in an assigned security pursuant to Rule 107B; and (2) adds liquidity for all for assigned SLP securities in the aggregate of an ADV of more than 0.55% of NYSE CADV, or for an SLP that is also a DMM and subject to Rule 107B(i)(2)(a), more than 0.50% of NYSE CADV, the SLP is eligible for a per share credit of \$.0029 (“SLP Tier 1”). In the case of Non-Displayed Reserve Orders, the credit is \$0.0024 and in the case of MPL Orders, the credit is \$0.0020. For Less Active SLP Securities, the SLP is eligible for a per share credit of \$0.0034; \$0.0029 if a Non-Displayed Reserve Order; or \$0.0020 if an MPL Order.

Finally, an SLP adding liquidity in securities with a per share price of \$1.00 or more that does not qualify for the credits described above is eligible for the applicable rate for the base SLP tier, which would be the rate that applies to the non-SLP activity of the member organization, i.e. the non-Tier Adding Credit, Tier 3 Adding Credit, Tier 2 Adding Credit or Tier 1 Adding Credit (“SLP Non-Tier”). In the case of Non-Displayed Reserve Orders, the credit is \$0.0010 and in the case of MPL Orders, the credit is \$0.0020.

The Exchange proposes to add defined terms identifying each of tiers for SLP credits, as defined above, in the Price List, as SLP Tier 1, SLP Tier 2, SLP Tier 3 and SLP Non-Tier.

The Exchange proposes to increase for SLP Tier 1 and SLP Tier 2 the ADV percentage requirement for SLPs and for SLPs that are also DMMs and subject to Rule

107B(i)(2)(A). The ADV percentage requirement for SLPs for SLP Tier 1 and SLP Tier 2 would increase from 0.55% to 0.90% and 0.35% to 0.45%, respectively. The ADV percentage requirement for SLPs that are also DMMs and subject to Rule 107B(i)(2)(A) for SLP Tier 1 and SLP Tier 2 would increase from 0.50% to 0.85% and 0.30% to 0.40%, respectively. The Exchange does not propose to change the ADV percentage requirement for SLP Tier 3.

The Exchange proposes, for each SLP tier, to decrease the credit for a Non-Displayed Reserve Order by \$0.0010. Specifically, for Non-Displayed Reserve Orders the SLP Tier 1 credit would decrease from \$0.0024 to \$0.0014; the SLP Tier 2 credit would decrease from \$0.0021 to \$0.0011; the SLP Tier 3 credit would decrease from \$0.0018 to \$0.0008; and the SLP Non-Tier credit would decrease from \$0.0010 to no credit.

The Exchange proposes to decrease the credit for a Non-Displayed Reserve Order for Less Active SLP Securities by \$0.0010 for each SLP tier: specifically, for SLP Tier 1, from \$0.0029 to \$0.0019; for SLP Tier 2, from \$0.0026 to \$0.0016; and for SLP Tier 3, from \$0.0023 to \$0.0013.

The proposed changes to the credits applicable to MPL Orders are as set forth in “MPL Orders and Non-Displayed Reserve Orders” above.

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

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section

6(b) of the Act,¹² in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,¹³ in particular, because it provides for the equitable allocation of reasonable dues, fees, and other charges among its members, issuers and other persons using its facilities and does not unfairly discriminate between customers, issuers, brokers or dealers.

MPL Orders and Non-Displayed Reserve Orders

The Exchange believes that the proposed increase to the fee for executions of MPL Orders that remove liquidity and the proposed changes to the credits for MPL Orders that provide liquidity are reasonable. MPL Orders provide opportunities for market participants to interact with orders priced at the midpoint of the PBBO, thus providing price improving liquidity to market participants and increasing the quality of order execution on the Exchange's market, which benefits all market participants. These changes should encourage additional utilization of MPL Orders on the Exchange.

Specifically, the Exchange believes that the proposed change for MPL Orders that remove liquidity from the Exchange if the security is priced \$1.00 or more from \$0.0025 per share to \$0.0027 per share is reasonable because the charge would be the same as the \$0.0027 fee proposed for other executions that remove liquidity. The resulting fee is also reasonable because would be lower than the rates on the NASDAQ Stock Market, LLC ("NASDAQ"). For example, NASDAQ charges \$0.0030 per share to execute against resting midpoint liquidity, which is greater than both the existing \$0.0025 per share rate

¹² 15 U.S.C. 78f(b).

¹³ 15 U.S.C. 78f(b)(4) and (5).

and the proposed \$0.0027 per share rate that would apply to MPL Orders.¹⁴

The Exchange believes that the proposed additional tier of credits for MPL Orders is reasonable because the proposed MPL Order Tier credit of \$0.0030 per share that would apply if the member organization has Adding ADV in MPL Orders that is at least 1.5 million shares would relate to volume that provides liquidity, which would be identical to the type of volume to which the credit would apply.

In addition, the Exchange believes the decrease in the non-tier MPL Order credit to \$0.0015 is reasonable as it is greater than the non-tier credit that is available on NASDAQ for midpoint liquidity, which is currently \$0.0014 for Tape A and B securities and \$0.0010 per share for Tape C securities.¹⁵

The Exchange also believes that the proposed changes are equitable and not unfairly discriminatory because all market participants – customers, Floor brokers, DMMs, and SLPs – may use MPL Orders on the Exchange and because customers, Floor brokers and SLPs that use MPL Orders would be subject to the same fee or credit.

Finally, the Exchange believes that the proposed change to the credit for DMMs for MPL Orders that provide liquidity to the Exchange to \$0.0030 per share is reasonable because DMMs cannot trade in securities they are not a DMM in and therefore the minimum volume requirement of the MPL Order Tier should not apply. Moreover, the requirement is equitable and not unfairly discriminatory because it would apply equally to all DMM firms.

The Exchange believes the proposed changes should incentivize additional

¹⁴ See NASDAQ Rule 7018(a).

¹⁵ See supra note 14.

utilization of MPL Orders on the Exchange. MPL Orders provide opportunities for market participants to interact with orders priced at the midpoint of the PBBO, thus providing price improving liquidity to market participants and increasing the quality of order execution on the Exchange's market, which benefits all market participants. The proposed change is equitable and not unfairly discriminatory because MPL Orders increase the quality of order execution on the Exchange's market, which benefits all market participants. The Exchange also believes that the proposed changes are equitable and not unfairly discriminatory because all market participants – customers, Floor brokers, DMMs, and SLPs – may use MPL Orders on the Exchange and because all market participants that use MPL Orders may receive credits for MPL Orders, as is currently the case.

The Exchange believes that the proposed rule change to reduce the credit for Non-Displayed Reserve Orders that provide liquidity is reasonable, equitable and not unfairly discriminatory because it is intended to incentivize member organizations to submit additional amounts of displayed liquidity to the Exchange during the trading day. For example, the proposed higher credits applicable to member organization for executions other than Non-Displayed Reserve Orders would incentivize member organizations to instead provide displayed liquidity on the Exchange. The Exchange believes that the proposed lower credit is equitable and not unfairly discriminatory because it would apply equally to all member organizations.

Credits for Certain Executions at the Opening

The Exchange believes that it is reasonable to increase the monthly fee cap for fees for executions at the opening or executions at the opening only orders to \$30,000

because members and member organizations benefit from the substantial amounts of liquidity that are present on the Exchange during such time. In addition, the Exchange believes that the proposed cap is reasonable because the proposed cap and the current fee rate together are comparable to those for executions at the opening on other markets.¹⁶

The proposed increased fee cap is equitable and not unfairly discriminatory because, even at such an increased level, this pricing would continue to encourage robust levels of liquidity at the opening, which benefits all market participants. The proposed increase will encourage the submission of additional liquidity to a national securities exchange, thereby promoting price discovery and transparency and enhancing order execution opportunities for member organization from the substantial amounts of liquidity that are present on the Exchange during the opening. Moreover, the requirement is equitable and not unfairly discriminatory because it would apply equally to all similarly situated member organizations.

DMMs

The Exchange believes that the proposed higher monthly credit of \$300, \$375, and \$450 for each security that has a consolidated ADV of more than 100,000 and less than 250,000 shares during the month when the DMM quotes at the NBBO in the applicable security at least 30%, 40%, and 50%, of the time, respectively, in the applicable month is reasonable because of the proposed higher quoting requirement associated with this increase in the credit. The Exchange believes that the proposed lower monthly credit of \$150 and \$225 for each security that has a consolidated ADV of

¹⁶ For example, NASDAQ charges \$0.0015 per share for certain orders executed in the NASDAQ Opening Corss [sic] and applies at \$20,000 fee cap per month per firm for such executions. See Nasdaq Rule 7018(e).

more than 100,000 and less than 250,000 shares during the month when the DMM quotes at the NBBO in the applicable security between 15% and 20% and 20% to 30% of the time, respectively, in the applicable month is reasonable because of the proposed higher credit available based on higher quoting, which should encourage greater quoting. The Exchange believes that the proposal would increase the incentive to add liquidity across thinly-traded securities where there may be fewer liquidity providers. Moreover, the requirement is equitable and not unfairly discriminatory because it would apply equally to all DMM firms.

The Exchange believes that the proposed higher monthly credit of \$250, \$325, and \$400 for each security that has a consolidated ADV of less than 100,000 shares during the month when the DMM quotes at the NBBO in the applicable security at least 30%, 40%, and 50%, of the time, respectively, in the applicable month is reasonable because of the proposed higher quoting requirement associated with this increase in the credit. The Exchange believes that the proposed lower monthly credit of \$100 each security that has a consolidated ADV of less than 100,000 shares during the month when the DMM quotes at the NBBO in the applicable security between 15% and 20% of the time in the applicable month is reasonable because of higher credit available based on higher quoting, which should encourage greater quoting. The Exchange also believes that it is reasonable to retain a \$175 credit for each security that has a consolidated ADV of less than 100,000 shares during the month when the DMM quotes at the NBBO in the applicable security at least 20% and up to 30% of the time in the applicable month as this is the rate currently charged and it would apply equally to all DMM firms. The Exchange believes that the proposal would increase the incentive to add liquidity across thinly-

traded securities where there may be fewer liquidity providers. Moreover, the requirement is equitable and not unfairly discriminatory because it would apply equally to all DMM firms.

The Exchange believes that the proposed monthly credit of \$200, \$275, \$350, \$425, and \$500 for each security that has a consolidated ADV of more than 250,000 and less than 1,500,000 shares during the month when the DMM quotes at the NBBO in the applicable security at least 15%, 20%, 30%, 40%, and 50%, of the time, respectively, in the applicable month is reasonable because of the proposed higher quoting requirement associated with this credit. The Exchange also believes that the higher credits for each security that has a consolidated ADV of more than 250,000 and less than 1,500,000 shares during the month when the DMM quotes at the NBBO of the time in the applicable month is reasonable in light of higher trading volumes in the applicable securities relatively to those securities that have a consolidated ADV of less than 250,000 shares. The Exchange believes that the proposal would increase the incentive to add liquidity across thinly-traded securities where there may be fewer liquidity providers. Moreover, the requirement is equitable and not unfairly discriminatory because it would apply equally to all DMM firms.

SLPs

The Exchange believes that the proposal to add defined terms for the SLP Tiers to the Price List is reasonable because the change will make the Price List clearer and easier to understand.

The Exchange believes that proposal to increase the ADV percentage requirement for SLPs that are also DMMs and subject to Rule 107B(i)(2)(A) is reasonable because the

higher requirements would incentivize member organizations to provide additional amounts of liquidity on the Exchange. The Exchange believes that the higher requirements are reasonable given the higher credits – \$0.0029 per share for SLP Tier 1 and \$0.026 per share for SLP Tier 2 – relative to the credit applicable to member organizations other than SLPs, and that the lower requirements for SLP Tier 3 and the SLP Non-Tier are, similarly, reasonable given the lower credits for those tiers. The Exchange believes that the proposed higher ADV percentage requirements for SLP Tier 1 and SLP Tier 2 are equitable and not unfairly discriminatory because they would apply equally to all SLPs.

Further, the Exchange believes that the proposed rule change to reduce the credit for Non-Displayed Reserve Orders that provide liquidity is reasonable, equitable and not unfairly discriminatory because it is intended to incentivize SLPs to submit additional amounts of displayed liquidity to the Exchange during the trading day. This decrease in the credits for Non-Displayed Reserve Orders for SLPs is the same decrease as proposed for the credits applicable to Non-Displayed Reserve Orders for other member organizations. Once again, the Exchange believes that the proposed lower credit is equitable and not unfairly discriminatory because it would apply equally to all SLPs.

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 the foregoing 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,¹⁷ the Exchange believes that the

¹⁷ 15 U.S.C. 78f(b)(8).

proposed rule change would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Instead, the Exchange believes that the proposed change would contribute to the Exchange's market quality by promoting price discovery and ultimately increased competition. For the same reasons, the proposed change also would not impose any burden on competition among market participants. Pricing for executions at the opening would remain at the same relatively low levels and would continue to reflect the benefit that market participants receive through the ability to have their orders interact with other liquidity at the opening.

Finally, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive or rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees and rebates to remain competitive with other exchanges and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. Because competitors are free to modify their own fees and credits in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited. As a result of all of these considerations, the Exchange does not believe that the proposed changes will impair the ability of member organizations or competing order execution venues to maintain their competitive standing in the financial markets.

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 is effective upon filing pursuant to Section 19(b)(3)(A)¹⁸ of the Act and subparagraph (f)(2) of Rule 19b-4¹⁹ thereunder, because it establishes a due, fee, or other charge imposed by the Exchange.

At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B)²⁰ of the Act to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

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

Electronic comments:

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

¹⁸ 15 U.S.C. 78s(b)(3)(A).

¹⁹ 17 CFR 240.19b-4(f)(2).

²⁰ 15 U.S.C. 78s(b)(2)(B).

NYSE-2015-28 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-NYSE-2015-28. 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, D.C. 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-NYSE-2015-28 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.²¹

Robert W. Errett,
Deputy Secretary.

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²¹ 17 CFR 200.30-3(a)(12).