



SECURITIES AND EXCHANGE COMMISSION
[Release No. 34-75469; File No. SR-NYSEARCA-2015-62]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending the NYSE Arca Options Fee Schedule

July 16, 2015

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 July 10, 2015, NYSE Arca, Inc. (the “Exchange” or “NYSE Arca”) 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 the NYSE Arca Options Fee Schedule (“Fee Schedule”). The Exchange proposes to implement the fee change effective July 10, 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

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

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 purpose of this filing is to enhance the application of the Limit Of Fees On Firm and Broker Dealer Open Outcry Executions (the "Firm Cap") to include Qualified Contingent Cross Transactions ("QCCs").

Currently, the Exchange imposes a Firm Cap of \$100,000 per month on combined Firm Proprietary Fees and Broker Dealer Fees for transactions clearing in the customer range, if executed in open outcry (i.e., Manual Transactions). The Firm Cap excludes Strategy Executions, Royalty Fees, firm trades executed via a Joint Back Office agreement, and Mini option contracts.⁴

To date, fees arising from QCCs have not been included in the Firm Cap because QCCs are not executed in open outcry. Rather, QCCs are executed by the entry of a matched trade into the Exchange System and reported electronically.⁵ Because Firms and Broker Dealers are generally represented on the Floor by Floor Brokers and QCC transactions may be entered into the System from a terminal on the Floor as part of an array of services that a Floor Brokerage

⁴ See Fee Schedule, endnote 9.

⁵ See Rule 6.90. Qualified Contingent Crosses (providing in relevant part that QCCs are "automatically executed upon entry into the NYSE Arca System provided that the execution (i) is not at the same price as a Customer Order in the Consolidated Book and (ii) is at or between the NBBO"). See also Commentary .01 to Rule 6.90 (providing that QCC orders "can be entered into the NYSE Arca System from on the Floor of the Exchange only by Floor Brokers").

operation can offer to clients, the Exchange proposes to include fees for QCCs executed by Floor Brokers in the aggregation towards the Firm Cap. The Exchange believes this proposed change would encourage Firms and Broker Dealers to direct a greater number of their orders, including QCC orders, to the Trading Floor, given the increased opportunities to achieve the Firm Cap on their monthly transaction fees. For example, if a Broker Dealer achieves the Firm Cap with the inclusion of \$20,000 in QCC fees, the Broker Dealer may be inclined to direct other orders to the Exchange Floor having reached the Firm Cap, which increased liquidity would benefit all market participants. The Exchange notes that competing options exchanges likewise include QCC transactions in monthly fee caps similar to the Firm Cap.⁶

The proposed inclusion of QCC fees in the Firm Cap would not affect the Floor Broker Rebate for Executed Orders, as Floor Brokers would still earn the Rebate even if the fee for the transaction itself is capped.

Consistent with the proposed change, the Exchange proposes to change the name of this fee from “Limit of Fees on Firm and Broker Dealer Open Outcry Executions” to “Firm and Broker Dealer Monthly Fee Cap,” which the Exchange believes would add more clarity and consistency to the fee schedule. Relatedly, the Exchange also proposes to modify the language in the Firm Cap regarding the exclusion of Mini options which erroneously refers to Strategy Executions. Specifically, the Exchange proposes to replace the language “Mini option contracts

⁶ See, e.g., NYSE Amex Options fee schedule, available at, https://www.nyse.com/publicdocs/nyse/markets/amex-options/NYSE_Amex_Options_Fee_Schedule.pdf (including QCCs in the Monthly Firm Fee Cap for Manual transactions, which aggregates the fees associated with Firm Manual transactions and cap them at \$100,000 per month, per Firm); NASDAQ OMX PHLX LLC fee schedule, available at, <http://www.nasdaqtrader.com/Micro.aspx?id=phlxpricing> (including QCCs in the Monthly Firm Fee Cap, which aggregates the fees associated with Firm Floor Options Transactions and QCCs and cap them at \$75,000 per month, per Firm).

are excluded from the Limit of Fees on Strategy Executions,” with “Mini option contracts are excluded from the Firm and Broker Dealer Monthly Fee Cap.” The Exchange believes that this change would add clarity and consistency to the Fee Schedule.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,⁷ in general, and furthers the objectives of Sections 6(b)(4) and (5) of the Act,⁸ 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.

The Exchange believes the inclusion of the Floor executed QCCs under the Firm Cap is reasonable and not unfairly discriminatory because it would provide additional opportunities for Firms and Broker Dealers to achieve the Firm Cap, which may, in turn, encourage more business, not limited to QCC trades, to be brought to the Floor, which would benefit all market participants. The proposed change is reasonable, equitable and not unfairly discriminatory as the Firm Cap would not be meaningful for Customers or Professional Customers because neither Customers nor Professional Customers pay transaction charges for QCCs. The proposed change is also reasonable, equitable and not unfairly discriminatory towards Market Makers, as Market Makers are generally charged a lower fee for Manual executions, and have alternative avenues to reduce transaction fees.⁹ In addition, the Exchange believes that by including QCCs in the Firm Cap, thereby making the Cap more achievable and encouraging additional order flow not limited

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(4) and (5).

⁹ See generally Fee Schedule (various credits available to Market Makers for posted monthly volume, including for executions in Penny Pilot Issues and SPY).

to QCCs, Market Makers are provided a greater opportunity to interact with order flow, which, in turn, benefits market participants.

The Exchange also believes that the proposed change is reasonable because several competing options exchanges likewise include QCC transactions in monthly fee caps similar to Firm Cap.¹⁰

The Exchange believes that its proposal to modify the name of this fee, as well as the language regarding the exclusion of Mini options from the Firm Cap to correct the erroneous reference to Strategy Executions, would add clarity and consistency to the Fee Schedule to the benefit of all market participants.

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,¹¹ 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. Instead, the Exchange believes that the proposed change would continue to encourage competition, including by attracting a wider variety of business to the Floor of the Exchange, which would continue to make the Exchange a more competitive venue for, among other things, order execution and price discovery. The Exchange believes the proposed fee change would not unduly burden any particular group of market participants trading on the Exchange vis-à-vis another group. Specifically, neither Customers nor Professional Customers are charged for QCC transactions. Moreover, Market Makers are generally charged a lower fee for Manual executions, and have alternative avenues to reduce

¹⁰ See supra n. 6.

¹¹ 15 U.S.C. 78f(b)(8).

transaction fees.¹² In addition, the Exchange believes that by including QCCs in the Firm Cap, thereby making the Cap more achievable and encouraging additional order flow not limited to QCCs, Market Makers are provided a greater opportunity to interact with order flow, which, in turn, benefits market participants.

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, its fees and credits to remain competitive with other 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 is effective upon filing pursuant to Section 19(b)(3)(A)¹³ of the Act and subparagraph (f)(2) of Rule 19b-4¹⁴ 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

¹² See supra n. 9.

¹³ 15 U.S.C. 78s(b)(3)(A).

¹⁴ 17 CFR 240.19b-4(f)(2).

Commission shall institute proceedings under Section 19(b)(2)(B)¹⁵ 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-NYSEARCA-2015-62 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-NYSEARCA-2015-62. 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 Section, 100 F

¹⁵ 15 U.S.C. 78s(b)(2)(B).

Street, NE, Washington, DC 20549-1090. 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-NYSEARCA-2015-62 and should be submitted on or before **[INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁶

Robert W. Errett,
Deputy Secretary.

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¹⁶ 17 CFR 200.30-3(a)(12).