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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-78374; File No. SR-NYSEARCA-2016-98]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending NYSE Arca Equities Rules 1.1(s) and 7.35P(a)(10)(A) to Extend the Period for the Current Trading Halt Auction Collar Price Collar Thresholds

July 20, 2016.

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (“Act”)² and Rule 19b-4 thereunder,³ notice is hereby given that, on July 8, 2016, NYSE Arca, Inc. (“Exchange” or “NYSE Arca”) filed with the Securities and Exchange Commission (“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 Arca Equities Rules 1.1(s) and 7.35P(a)(10)(A) to extend the period for the current Trading Halt Auction Collar price collar thresholds. 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

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

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 Arca Equities Rule 1.1(s) ("Rule 1.1(s)") and 7.35P(a)(10)(A) ("Rule 7.35P") to extend the period for the current Trading Halt price collar thresholds.

As specified in Rules 1.1(s) and 7.35P(a)(10)(A), the price collar thresholds for Trading Halt Auctions are currently set at 10% for securities with an Auction Reference Price⁴ of \$25.00 or less, 5% for securities with an Auction Reference Price greater than \$25.00 but less than or equal to \$50.00, and 3% for securities with an Auction Reference Price greater than \$50.00.⁵ These price collar thresholds were adopted on an interim basis and sunset on July 28, 2016.

When approving the current price collar thresholds for Trading Halt Auctions, the Commission noted that they were appropriate as an interim measure to protect investors and the public interest.⁶ The Exchange committed to use the period while the interim price collar

⁴ As set forth in Rule 7.35P(a)(8)(A), the Auction Reference Price for Trading Halt Auctions is the last consolidated round-lot price of that trading day and, if none, the prior trading day's Official Closing Price. As set forth in Rule 1.1(s), the auction reference price is the last consolidated sale price.

⁵ Rule 7.35P governs trading for symbols transitioned to the Pillar trading platform. Although all symbols are trading on the Pillar trading platform, the [sic] the Exchange proposes to amend Rule 1.1(s) so that Exchange rules that address the same topic are harmonized.

⁶ See Securities Exchange Act Release Nos. 76994 (Jan. 28, 2016), 81 FR 5809 (Feb. 3, 2016) (SR-NYSEArca-2015-121) (Approval Order) and 77140 (Feb. 16, 2016), 81 FR

thresholds are in place to conduct an analysis to determine whether to make the proposed price collar thresholds permanent or to propose other or additional changes to its re-opening process. Since that time, under the auspices of the Operating Committee of the Regulation NMS Plan to Address Extraordinary Market Volatility (“LULD Plan”), and with input from the Advisory Committee to the LULD Plan, the Exchange has begun working with other primary listing markets and participants to the LULD Plan to identify proposed changes to the resumption of trading following a trading pause that could be applied across all automated markets. This initiative has superseded the Exchange’s prior analysis relating to the resumption of trading following a trading pause.

Because the analysis associated with market-wide initiative is not expected to be completed by July 28, 2016, the Exchange proposes to extend the time for its interim price collar thresholds for Trading Halt Auctions from July 28, 2016 to January 31, 2017. The Exchange believes that extending the existing interim measures an additional six months will provide time for the participants to the LULD Plan to complete their analysis relating to the resumption of trading following a trading pause, while at the same time maintaining the current protections for Trading Halt Auctions. This extension of the time period will also provide additional time for the Exchange and other participants to the LULD Plan to amend their respective rules or the LULD Plan, as appropriate.

The Exchange continues to believe that it is appropriate to have protections in place for Trading Halt Auctions to assure that a reopening trade will not deviate significantly from prior prices, even taking into consideration natural price movements for a security. The Exchange believes that it is appropriate to maintain price collar thresholds for Trading Halt Auctions based

8812 (SR-NYSEArca-2016-27) (Notice of Filing).

on the clearly erroneous execution guidelines because an auction trade is subject to these guidelines for purposes of determining whether such execution is clearly erroneous. In addition, the Exchange's interim price collar thresholds are similar to how BATS BZX Exchange, Inc. ("BATS") prices its Halt Auctions for ETPs. Like BATS, the Exchange is the primary listing market only for ETPs and would, therefore only have Trading Halt Auctions for ETPs. BATS Rule 11.23(d)(2)(D) provides that BATS executes orders in ETPs in a Halt auction at a price level within a "Collar Price Range" that maximizes the number of shares executed in the auction. Similar to the Exchange's rule, BATS uses Collar Price Ranges that are based on the numerical guidelines set forth in the market-wide clearly erroneous execution rules.⁷ The Exchange's Auction Collars differ from BATS's pricing mechanism because the Exchange would use the consolidated last sale price as the reference price, rather than the midpoint of a "Valid NBBO." The Exchange believes that using the consolidated last sale price tracks the market-wide clearly erroneous execution rules, which similarly use the consolidated last sale price for determining whether an execution is clearly erroneous.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Securities Exchange Act of 1934 (the "Act"),⁸ in general, and furthers the objectives of Section 6(b)(5),⁹ in particular,

⁷ As set forth in BATS Rule 11.23(a)(6), the Collar Price Range is 10% for securities with a Collar Midpoint of \$25.00 or less, 5% for securities with a Collar Midpoint greater than \$25.00 but less than or equal to \$50.00, and 3% for securities with a Collar Midpoint greater than \$50.00. BATS Rule 11.23(a)(6) defines the Collar Midpoint as the Volume Based Tie Breaker, which is defined in BATS Rule 11.23(a)(23) as the midpoint of the NBBO if it is a Valid NBBO, with a Valid NBBO defined as where: (i) there is both a NBB and NBO for the security; (ii) the NBBO is not crossed; and (iii) the midpoint of the NBBO is less than the Maximum Percentage away from both the NBB and the NBO.

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(5).

because it is designed to prevent fraudulent and manipulative acts and practices, 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 Exchange believes that extending the interim period for the current Trading Halt Auction price collar thresholds would remove impediments to and perfect the mechanism of a fair and orderly market by providing for Auctions Collars at the Exchange pending the ongoing analysis by the participants to the LULD Plan to identify a market-wide solution to automated reopenings following a trading pause. For the extended interim basis, the price collar thresholds would continue to be aligned with the clearly erroneous execution guidelines and therefore continuing with these price collar thresholds would reduce the potential for a Trading Halt Auction to be a clearly erroneous execution. In addition, the Exchange believes that pending the outcome of the analysis being performed by the Operating Committee to the LULD Plan, extending the Exchange's interim measure an additional six months would be consistent with the protection of investors and 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 change is not designed to address any competitive issue but rather to provide for a six-month extension to the price collar thresholds for Trading Halt Auctions on the Exchange, pending the analysis being conducted by the Operating Committee to the LULD Plan.

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

Because the foregoing 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 for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹⁰ and Rule 19b-4(f)(6) thereunder.¹¹

A proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act¹² normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)(iii)¹³ permits the Commission to 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 the proposal may become operative immediately upon filing. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest. As the Exchange notes, waiver of the operative delay would allow for the current price collar thresholds, which are due to expire on July 28, 2016, to continue uninterrupted pending the ongoing market-wide analysis regarding potential changes to automated reopenings following a trading pause. Accordingly, the Commission

¹⁰ 15 U.S.C. 78s(b)(3)(A).

¹¹ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and the 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.

¹² 17 CFR 240.19b-4(f)(6).

¹³ 17 CFR 240.19b-4(f)(6)(iii).

hereby waives the operative delay and designates the proposal operative upon filing.¹⁴

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. If the Commission takes such action, the Commission shall institute proceedings 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-2016-98 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-NYSEARCA-2016-98. 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

¹⁴ For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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 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-NYSEARCA-2016-98 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.¹⁵

Robert W. Errett,
Deputy

Secretary.

¹⁵ 17 CFR 200.30-3(a)(12).

