The Exchange proposes to amend Supplementary Material .26 (Pegging for d-Quotes and e-Quotes) to NYSE Amex Equities Rule 70. The text of the proposed rule change is available at the Exchange, at www.nyse.com, the Commission’s Public Reference Room, and at www.sec.gov.

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 Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend Supplementary Material .26 (Pegging for d-Quotes and e-Quotes) to NYSE Amex Equities Rule 70.

Paragraph (i) of Supplementary Material .26 states that an e-Quote may be set to provide that it will be available for execution at the national best bid (“NBB”) (for an e-Quote that represents a buy order) or at the national best offer (“NBO”) (for an e-Quote that represents a sell order) as the national best bid or offer (“NBBO”) changes, so long as the NBBO is at or within the e-Quote’s limit price. Paragraph (x) of Supplementary Material .26 further provides that, as long as the NBB or NBO is within the pegging price range selected by the Floor broker, the pegging e-Quote or d-Quote will join the NBB or NBO as it is autoquoted. As such, pegging interest may peg to a price that may not be displayed at the Exchange. For example, if the NBB is $10.05 and the Exchange best bid is $10.04, a pegging e-Quote to buy will display at the Exchange at $10.05, thus creating a new Exchange best bid.

Because pegging interest automatically pegs to the NBBO, under current rules and functionality, a

G. Self-Regulatory Organization’s Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

No written comments were either solicited or received.

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)(ii) of the Act. 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 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 email to rule-comments@sec.gov. Please include File No. SR–Phlx–2011–177 on the subject line.

Paper Comments

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549–1090.

All submissions should refer to File No. SR–Phlx–2011–177. 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 a.m. and 3 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 No. SR–Phlx–2011–177 and should be submitted on or before January 19, 2012.

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

Kevin M. O’Neill, Deputy Secretary.

[FR Doc. 2011–33379 Filed 12–28–11; 8:45 am]
that this is already implied in Supplementary .26, particularly because pegging interest can peg to the NBB or NBO, which may or may not be a displayed price at the Exchange,7 and is proposing this change only to add greater specificity to Supplementary Material .26.

The Exchange also proposes to add new paragraph (x)(B) to Supplementary Material .26 to provide that the converse of paragraph (x) is also true. Specifically, if the NBB (NBO) is not within the pegging price range selected by the Floor broker, then a pegging e-Quote or d-Quote to buy (sell) will join the next available best-priced non-pegging interest that is within the price range selected by the Floor broker.

Finally, the Exchange proposes to amend paragraph (xiii) to Supplementary Material .26 to delete the text that permits Floor brokers to specify a maximum size validation for e-Quotes and d-Quotes. Floor brokers have not availed themselves of this functionality and the Exchange has therefore decided to eliminate it from Supplementary Material .26. In addition, because pegging interest is considered when assessing the minimum volume size of same-side interest against which to peg, the Exchange proposes to delete the last sentence of paragraph (xiii) to Supplementary Material .26.

Because of the related technology changes that this proposed rule change would require, the Exchange proposes to announce the initial implementation date and related roll-out schedule, if applicable, via Trader Update.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b)(5),11 of the Securities Exchange Act of 1934 (the “Act”), in general, and furthers the objectives of Section 6(b)(5), in particular, 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. Specifically, the Exchange believes that the proposed changes to Supplementary Material .26 to NYSE Amex Equities Rule 70 would promote just and equitable principles of trade and remove impediments to, and perfect the mechanism of, a free and open market because they would reduce the potential for the Exchange best bid or offer to be locked or crossed. The proposed changes would also promote transparency by adding greater specificity with respect to the interest to which pegging e-Quotes and d-Quotes may peg and would remove text corresponding to a functionality that Floor brokers have not availed themselves of and therefore is no longer necessary to promote just and equitable principles of trade.

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.

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 significantly affect the protection of investors or the public interest, does not impose any significant burden on competition, and, by its terms, does not become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act10 and Rule 19b–4(f)(6) thereunder.11

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.

5 When an exception to the prohibition against trade-throughs is in effect, pursuant to Rule 611(b)(4) of Regulation NMS, technically, there are no available protected bids or offers against which an e-Quote or d-Quote can peg. In such situations, the pegging interest would peg to the next available best-priced non-pegging interest on the Exchange that is within the price range selected by the Floor broker.

6 The Exchange would re-price pegging interest only if the NBB (NBO) is locking or crossing the Exchange best bid or offer and not if the NBO is “locking” or “crossing” undisplayed liquidity at the Exchange. For example, where the Exchange best bid and offer is $10.02 and $10.04 and there is “dark” reserve buy interest at $10.03, if the NBO becomes $10.03, pegging sell interest will peg to the $10.03 NBO and will execute against the Exchange “dark” reserve interest priced at $10.03.


9 11 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.
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–NYSEAmex–2011–99 on the subject line.

Paper Comments

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549–1090.

All submissions should refer to File Number SR–NYSEAmex–2011–99. 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 a.m. and 3 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–NYSEAmex–2011–99 and should be submitted on or before January 19, 2012.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.1 2

Kevin M. O’Neill,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; New York Stock Exchange LLC; NYSE Amex LLC; Notice of Designation of a Long Period for Commission Action on Proposed Rule Changes To Codify Certain Traditional Trading Floor Functions That May Be Performed by Designated Market Makers

December 22, 2011.

On October 31, 2011, the New York Stock Exchange LLC (“NYSE”) and NYSE Amex LLC (“NYSE Amex”) each filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),1 and Rule 19b–4 thereunder,2 proposed rule changes to amend certain of their respective rules relating to Designated Market Makers (“DMMs”). The proposed rule changes were published for comment in the Federal Register on November 17, 2011.3 The Commission received no comment letters on the proposals.

Section 19(b)(2) of the Act4 provides that within 45 days of the publication of notice of the filing of a proposed rule change, or within such longer period up to 90 days as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or as to which the self-regulatory organization consents, the Commission shall either approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether the proposed rule change should be disapproved. The 45th day for this filing is January 1, 2012. The Commission is extending this 45-day time period.

The Commission finds it appropriate to designate a longer period within which to take action on the proposed rule changes so that it has sufficient time to consider these proposed rule changes, which modify the rules applicable to DMMs and floor brokers, including, among other things, making certain market information such as disaggregated order information available to DMMs and floor brokers.

Accordingly, the Commission, pursuant to Section 19(b)(2) of the Act,5 designates February 15, 2012, as the date by which the Commission should either approve or disapprove or institute proceedings to determine whether to disapprove the proposed rule changes.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.6

Kevin M. O’Neill,
Deputy Secretary.

[FR Doc. 2011–33378 Filed 12–28–11; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; BATS Exchange, Inc.; Notice of Filing of Proposed Rule Change To Implement a Competitive Liquidity Provider Program

December 22, 2011.

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 13, 2011, BATS Exchange, Inc. (the “Exchange” or “BATS”) 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 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 Substance of the Proposed Rule Change

The Exchange filed with the Commission a proposal to adopt new Interpretation and Policy .02 to Rule 11.8 to implement a Competitive Liquidity Provider (“CLP”) program (the “CLP Program”) to incent competitive and aggressive quoting by market makers registered with the Exchange (“Market Makers”) in Exchange-listed securities.