

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-66218; File No. SR-NYSE-2012-01]

### Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing of Proposed Rule Change To Establish an NYBX Immediate-or-Cancel Order

January 24, 2012.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that, on January 11, 2012, the New York Stock Exchange LLC (“NYSE” or “Exchange”) 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 proposes to amend NYSE Rule 1600 to establish an Immediate or Cancel (“IOC”) order that would execute exclusively against contra-side liquidity in the Exchange’s Display Book® (“DBK”) and/or in the New York Block Exchange<sup>SM</sup> (“NYBX”<sup>SM</sup> or “Facility”) (“NYBX IOC order”). The text of the proposed rule change is available at the Exchange, the Commission’s Public Reference Room, and [www.nyse.com](http://www.nyse.com).

#### 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 1600 to establish an NYBX IOC order.<sup>3</sup>

As proposed, an NYBX IOC order would be a limit order to buy or sell that is designated as IOC and that would be cancelled back to the User if not immediately eligible to execute, in whole or in part, exclusively against contra-side liquidity in the DBK and/or NYBX Facility that is at or within the NBBO. Any unexecuted portion of an NYBX IOC would not be routed elsewhere for execution, would not be placed on the DBK, would not otherwise remain in the NYBX Facility, would not trade through protected quotations of another market, but instead would be cancelled back to the User. NYBX IOC orders, like all other NYBX orders, must be entered with a minimum size of at least one round lot. Subject to these conditions, the NYBX IOC order would be subject to order processing set forth in Rules 1600(d)(1) and 1600(d)(1)(C)(i).

As proposed, NYBX IOC orders would be entered in the same manner as other NYBX orders, as provided under Rule 1600(c)(1), and would be required to contain the order parameters listed in Rule 1600(c)(3)(A). However, the optional time in force order parameters of Rule 1600(c)(3)(B)(i) would not be applicable because an NYBX IOC order would be cancelled if not executed immediately. Furthermore, Users would not be permitted to designate a Minimum Triggering Volume Quantity (“MTV”) for NYBX IOC orders entered into the NYBX Facility.

The NYBX Facility would apply the order execution process that is set forth in Rule 1600(d)(1)(C)(i) to NYBX IOC orders, including that an NYBX IOC order may execute at multiple price points that may be available in the DBK and NYBX Facility that are within the limit price of the NYBX IOC order. Because by its terms, the proposed NYBX IOC order does not route to other markets, have an MTV, or leave a residual in the NYBX Facility, by their terms, the order execution processing rules set forth in Rule 1600(d)(1)(C)(ii)–(vi) and Rule 1600(d)(1)(D) are inapplicable to the order processing of an NYBX IOC order. In a situation in which the size of the NYBX IOC order is less than the total available contra side liquidity that is potentially

executable within the limit price in the NYBX Facility and the DBK, the existing “tie breaker” rules set forth in Rule 1600(d)(1)(C)(i) for routing decision purposes will provide that an execution in the DBK will have priority over an execution at the same price in the Facility.

For example, if a buy NYBX IOC order for 1,000 shares arrives at the Facility with a limit of \$10.05, the Facility will review the available contra-side liquidity in the DBK (both displayed and undisplayed) and the NYBX Facility. Assuming the contra-side liquidity in the DBK is 300 shares at \$10.04 (undisplayed), 200 shares at \$10.05 (NBO displayed), and 200 shares at \$10.05 (undisplayed) and in the NYBX Facility is 200 shares at \$10.05, the NYBX IOC buy order would simultaneously be routed to DBK as 300 shares at \$10.04 and 400 shares at \$10.05, and 200 shares would execute in the Facility at \$10.05 for a total execution of 900 shares. The remaining 100 shares of the buy NYBX IOC order would be cancelled. Assuming the buy NYBX IOC order is instead for 700 shares, pursuant to the tie-breaker rule in Rule 1600(d)(1)(C)(i), the full volume of the order would route to the DBK, 300 shares at \$10.04 and 400 shares at \$10.05, and the NYBX Facility’s 200 share contra-side liquidity at \$10.05 would not be filled.

Under no circumstances would an NYBX IOC order be routed to another market center. For example, if another automated trading center is displaying a better price than either the NYBX Facility or DBK, and an execution in the NYBX Facility or DBK would result in a trade through in violation of Regulation NMS, the NYBX IOC order will be immediately cancelled back to the User. Similarly, in a situation where another automated trading center is displaying prices that are the same or inferior to prices in the DBK or NYBX Facility, and routing is not required by Regulation NMS, the NYBX IOC order will execute within the DBK and/or the NYBX Facility without regard to such same or inferior-priced orders in another automated trading center.

The Exchange also proposes to make certain technical changes to NYSE Rule 1600. First, the Exchange proposes to amend Rule 1600(g) to add references to trading pauses in individual securities, as provided for under NYSE Rule 80C. Second, because the Exchange has eliminated the class of market participants formerly known as Registered Competitive Market Makers, the Exchange proposes to delete Rule 1600(h)(3), which is no longer

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> The Exchange proposes to define the NYBX IOC order type in proposed Rule 1600(c)(2)(D).

applicable.<sup>4</sup> Third, the Exchange proposes to clarify within Rule 1600(b)(2)(D) that NYBX orders are defined within Rule 1600(c)(2), not only within Rule 1600(c)(2)(A) as is currently reflected.

The Exchange proposes to announce via Trader Update the implementation date of this proposed rule change, which will be no later than 30 days after the publication of the approval order in the **Federal Register**.

## 2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Securities Exchange Act of 1934 (the "Act"),<sup>5</sup> in general, and furthers the objectives of Section 6(b)(5),<sup>6</sup> in particular, in that 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, and to remove impediments to and perfect the mechanism of a free and open market and a national market system. Specifically, the proposed rule change would improve the quality of the market by providing NYBX Users with greater control over and flexibility with respect to their orders by allowing for the entry of IOC orders in the NYBX Facility that would execute exclusively against contra-side liquidity in the DBK and the NYBX Facility.

### 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

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to

90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) By order approve or disapprove the proposed rule change, or
- (B) Institute proceedings to determine whether the proposed rule change should be 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](mailto:rule-comments@sec.gov). Please include File Number SR-NYSE-2012-01 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-NYSE-2012-01. 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 Number SR-NYSE-2012-01 and should be submitted on or before February 21, 2012.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>7</sup>

**Kevin M. O'Neill,**

*Deputy Secretary.*

[FR Doc. 2012-1941 Filed 1-27-12; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-66231; File No. SR-EDGA-2011-40]

### Self-Regulatory Organizations; EDGA Exchange, Inc.; Order Granting Approval of Proposed Rule Change Amending EDGA Rule 11.9

January 24, 2012.

On December 2, 2011, EDGA Exchange, Inc. ("Exchange" or "EDGA") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to amend certain existing routing options contained in Rule 11.9. The proposed rule change was published for comment in the **Federal Register** on December 14, 2011.<sup>3</sup> The Commission has received no comments on the proposed rule change. This order approves the proposed rule change.

The Exchange proposes to amend several routing options contained in Rule 11.9(b)(3) to allow Users more discretion if shares remain unexecuted after routing. In particular, Rule 11.9(b)(3) will provide that Users may elect that any remainder of an order be posted to the EDGX Exchange, Inc. ("EDGX") for any of the routing options listed in the rule, except those in paragraphs (a) and (n)-(q).<sup>4</sup> The

<sup>7</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Securities Exchange Act Release No. 65911 (December 8, 2011), 76 FR 77877 ("Notice").

<sup>4</sup> Routing options listed in Rules 11.9(b)(3)(a) and (n)-(q) are not altered as a result of this proposed rule change. The routing option in Rule 11.9(b)(3)(a) already posts to EDGX and no modification to the rule is needed as no discretion is provided to the User. The routing options in Rules 11.9(b)(3)(n)-(q) do not have the option to post the remainder of an order to EDGX. For a more detailed discussion of the specific proposed changes to the text of EDGA Rule 11.9 allowing Users to elect that any remainder of an order be posted to EDGX for any of the routing options listed in the rule, except

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<sup>4</sup> See Securities Exchange Act Release No. 60356 (July 21, 2009), 74 FR 37281 (July 28, 2009) (SR-NYSE-2009-08) (Rescinding Rules 110 and 107A, which established the roles of Competitive Traders and Registered Competitive Market Makers).

<sup>5</sup> 15 U.S.C. 78f(b).

<sup>6</sup> 15 U.S.C. 78f(b)(5).