as reflected in the LULD Release. Moreover, the related Information Memorandum to members and member organizations would provide advance notice to NYSE MKT members and member organizations that the Exchange would cease offering the LRP functionality in furtherance of the Commission’s expectations.

B. Self-Regulatory Organization’s Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose a burden on competition because the Exchange is discontinuing the LRP functionality to fulfill the Commission’s expectations. In this respect, the Exchange notes that because Commission expects all exchanges to discontinue their respective volatility mechanisms, there should be no burden on competition because all exchanges as well as their members and issuers would be similarly situated.

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 Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act 13 and Rule 19b–4(f)(6) thereunder. 14 Because the 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 prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b–4(f)(6)(iii) thereunder.

A proposed rule change filed under Rule 19b–4(f)(6) 15 normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b–4(f)(6)(iii), 16 the Commission may 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 designate an operative date of April 8, 2013. The Commission believes that waiving the operative delay and designating April 8, 2013 as the operative date of the proposed rule change is consistent with the protection of investors and the public interest because such waiver would allow the proposed rule change to be operative on the initial date of Plan operations. Accordingly, the Commission hereby grants the Exchange’s request and designates an operative date of April 8, 2013. 17

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.

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-NYSEArca–2013–33 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-NYSEArca–2013–33 on the subject line.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority. 18

Kevin M. O’Neill,
Deputy Secretary.

SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending the NYSE Arca Equities Schedule of Fees and Charges for Exchange Services

April 4, 2013.

Pursuant to Section 19(b)(1) 19 of the Securities Exchange Act of 1934 (the “Act”) and Rule 19b–4 thereunder, 2

notice is hereby given that, on March 25, 2013, 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 its Schedule of Fees and Charges for Exchange Services (“Fee Schedule”) to (i) amend Step Up Tier 1 and Step Up Tier 2 (the “Step Up Tiers”) to increase the volume threshold requirements needed to be eligible for each respective tier; (ii) amend the Cross-Asset Tier to replace the numeric benchmark needed to be eligible for the tier with a benchmark based on a percentage of options contract volume; (iii) add a new Retail Order Cross-Asset Tier; (iv) raise the fee charged for transactions in securities with a per share price below $1.00; and (v) amend the options-related volume requirements in certain tiers in the Fee Schedule to exclude volume in mini options from contributing to the volume requirements of the affected tiers. The Exchange proposes to implement the changes on April 1, 2013.

Step Up Tiers

Currently, in order to qualify for Step Up Tier 1, an ETP Holder on a daily basis, measured monthly, must directly execute providing volume on NYSE Arca in an amount that is an increase of no less than 0.15% of U.S. consolidated average daily volume (“US CADV”) in Tape A, Tape B, and Tape C securities for that month over the ETP Holder’s average daily providing volume in June 2011 (the “Baseline Month”), subject to a minimum increase of 15 million average daily providing shares. The Exchange proposes to increase the eligibility requirement for Step Up Tier 1 to no less than 0.20% of US CADV for the month over the ETP Holder’s average daily providing volume in the Baseline Month, subject to a minimum increase of 20 million average daily providing shares.

Similarly, in order to qualify for Step Up Tier 2, an ETP Holder on a daily basis, measured monthly, must directly execute providing volume on NYSE Arca in an amount that is an increase of no less than 0.10% of US CADV for that month over the ETP Holder’s average daily providing volume in the Baseline Month, subject to a minimum increase of 10 million average daily providing shares. The Exchange proposes to increase the eligibility requirement for Step Up Tier 2 to no less than 0.12% of US CADV for the month over the ETP Holder’s average daily providing volume in the Baseline Month, subject to a minimum increase of 12 million average daily providing shares.

By way of example, if an ETP Holder executed an average daily providing volume of 5 million shares in the Baseline Month, then to qualify for Step Up Tier 2 in a month where US CADV is 11 billion shares, that ETP Holder would need to increase its average daily providing volume by at least 13.2 million shares, or 0.12% of that month’s US CADV, for a total average daily providing volume of at least 18.2 million shares. If that same ETP Holder in that same month increased its average daily providing volume by at least 22 million shares, or 0.20% of that month’s US CADV, for a total average daily providing volume average of at least 27 million shares, then that ETP Holder would qualify for Step Up Tier 1.

As previously explained, the goal of the Step Up Tiers is to incent ETP Holders to increase the orders sent directly to NYSE Arca and therefore provide liquidity that supports the quality of price discovery and promotes market transparency. In the Step Up Tiers Release, the Exchange explained that the Step Up Tiers were expected to benefit ETP Holders whose increased order flow provided added levels of liquidity (thereby contributing to the depth and market quality of the Book) but who are still not eligible for Tier 1, 2 or 3, or Investor Tier 1 or 2. For similar reasons, the Exchange believes that increasing the volume requirements needed to be eligible for each respective Step Up Tier will continue to incent ETP Holders to increase the orders sent directly to NYSE Arca and therefore provide liquidity that supports the quality of price discovery and promotes market transparency. The Exchange believes that this especially is the case given that the credits for Tape A and Tape C securities under Step Up Tier 1 ($0.00295) and Step Up Tier 2 ($0.0029) are substantially higher that the credits for Tape A and Tape C securities under the Basic Rates ($0.0021) and Tier 3 ($0.0025).

Cross-Asset Tier

Currently, under the Cross-Asset Tier, ETP Holders and Market Makers that (1) provide liquidity of 0.45% or more of the US CADV per month in Tape A, Tape B, and Tape C securities combined, and (2) are affiliated with an NYSE Arca Options Trading Permit (“OTP”) Holder or OTP Firm that provides an average daily volume (“ADV”) of electronic posted Customer executions in Penny Pilot issues on NYSE Arca Options of at least 90,000 contracts receive a per share credit of $0.0030 for orders in Tape A, Tape B

In addition, for both Step Up Tiers, those ETP Holders that did not directly provide volume to NYSE Arca in the Baseline Month will be treated as having an average daily providing volume of zero for the Baseline Month. With respect to the increased percentage of US CADV, the volume requirements to reach the Step Up Tiers’ pricing levels will adjust each calendar month based on the US CADV for that given month.

and Tape C securities that provide liquidity to the Book. The Exchange proposes to replace the current fixed 90,000-contract requirement with a variable requirement of at least 0.95% of total Customer equity and exchange-traded fund ("ETF") option (as discussed below, excluding mini options) ADV, as reported by the Options Clearing Corporation ("OCC").

The Exchange is proposing these changes to the Cross-Asset Tier in order to make the eligibility requirement consistent with the Exchange's other variable eligibility requirements that are based on percentage of volume. The Exchange believes that using an eligibility requirement based on percentage of volume will better reflect fluctuations in trading volumes. In this respect, the Exchange notes that Equity and ETF Customer volume is a widely followed benchmark of industry volume and is indicative of industry market share. The Exchange also notes that based on current volume, the 0.95% volume requirement is consistent with the original 110,000 contract requirement which was lowered July 1, 2012 due to concerns over temporarily lower volume on NYSE Arca Options. The proposed changes to the Cross-Asset Tier would thus eliminate the need to modify a fixed number requirement because a threshold based on volume would automatically make the necessary adjustments.

Retail Order Cross-Asset Tier

The Exchange also is proposing a new Retail Cross-Asset Tier. Under the Retail Cross-Asset Tier, firms that execute at least 0.30% of US CADV in retail orders and are affiliated with an NYSE Arca OTP Holder or OTP Firm that provides an ADV of electronic posted Customer executions in customer penny pilot options of at least 0.50% of total Customer equity and ETF option (as discussed below, excluding mini options) ADV would qualify for a $0.0034 rebate for retail orders that provide liquidity. The Retail Cross-Asset Tier would provide firms with a second way to qualify for the $0.0034 rebate (in addition to Investor Tier 1) using equity retail and options customer post. The Exchange notes that the $0.0034 rebate is $0.0001 higher than the current Retail Order Tier in light of the tier including an additional options requirement and a higher equity retail requirement.

Sub-$1.00 Securities

Currently, a fee of 0.2% of the total dollar value of the transaction is charged for transactions with a per share price below $1.00 that take liquidity from the Book. The Exchange proposes raising the fee from 0.2% of the total dollar value of the transaction to 0.3% of the total dollar value of the transaction. The Exchange is proposing these changes as they are consistent with similar fee amounts charged by other exchanges.

Mini Options

The Exchange proposes to amend the Fee Schedule to specifically exclude volume in mini options from contributing to the volume requirements for tiers with an options volume-related component. Specifically, the proposed amendment would exclude volume in mini options from contributing to the volume requirements in Tier 1 and the Cross-Asset Tier. Mini option volume similarly would be excluded from the proposed Retail Order Cross-Asset Tier discussed above.

The proposed changes are not otherwise intended to address any other problem, and the Exchange is not aware of any significant problem that the affected market participants would have in complying with the proposed changes.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b)(11) of the Act, in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act, 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 that the proposed amendments to the Step Up Tiers that raise the volume requirements needed to be eligible for each respective tier are reasonable because the proposed changes are designed to further incent ETP Holders to increase the orders sent directly to NYSE Arca and therefore provide liquidity that supports the quality of price discovery and promotes market transparency. The Exchange believes that this is especially the case given that the credits for Tape A and Tape C securities under Step Up Tier 1 ($0.00295) and Step Up Tier 2 ($0.0029) are substantially higher than the credits for Tape A and Tape C securities under Basic Rates ($0.0021) and Tier 3 ($0.0025). The Exchange further believes that the proposed amendments to the Step Up Tiers are equitable and not unfairly discriminatory because they will benefit ETP Holders whose increased order flow provides added levels of liquidity (thereby contributing to the depth and market quality of the Book), but who may still not be eligible for Tier 1, 2 or 3, or other tiers. Moreover, the Step Up Tiers are available for all ETP Holders to satisfy.

The Exchange believes that the proposal to amend the Cross-Asset Tier to replace the current fixed benchmark needed to be eligible for the tier with a variable benchmark based on a percentage of volume is reasonable because it will make the eligibility requirement consistent with the Exchange's other variable eligibility requirements that also are based on percentage of volume. In addition, the Exchange believes that expanding the basis for the Cross-Asset Tier to include all Customer equity and ETF options ADV will better reflect the correlation between options trading and the underlying securities, which trade at the Exchange, including ETFs. In this respect, the Exchange notes that Equity and ETF Customer volume is a widely followed benchmark of industry volume and is indicative of industry market

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8 The OCC provides volume information in two product categories: equity and ETF volume and index volume, and the information can be filtered to show only Customer, firm, or market maker account type. Equity and ETF Customer volume numbers are available directly from the OCC each morning, or may be transmitted, upon request, free of charge from the Exchange. Total Industry Customer equity and ETF option ADV is comprised of those option contracts that clear in the customer account type at OCC, including Exchange-Traded Fund Shares, Trust Issued Receipts, Partnership Units, and Index-Linked Securities such as Exchange-Traded Notes (see NYSE Arca Options Rule 5.3(g)–(j)), and does not include contracts that clear in either the firm or market maker account type at OCC or contracts overlying a security other than an equity or ETF security. The Exchange notes that there is one Penny Pilot issue, Mini NDX 100 Stock Index, that does not overlie an equity or ETF security that is eligible for the Customer posting credit. This Penny Pilot issue is not included in equity and ETF option ADV; however, the Exchange expects that the effect on the calculations for the qualification thresholds for tiered Customer posting credits to be negligible. Under the proposed rule change, Total Industry Customer equity and ETF option ADV will be that which is reported for the month by OCC in the month in which the credits may apply. The Exchange currently makes this data publicly available on a T+1 basis from a link at http://www.nysedata.com/factbook.


12 15 U.S.C. 78f(b)(4) and (5).
share.\textsuperscript{13} In addition, the Exchange believes that the proposed amendments to the Cross-Asset Tier are equitable and not unfairly discriminatory because they will apply to all ETP Holders and Market Makers.

Moreover, the Cross-Asset Tier is available for all ETP Holders to satisfy, except for those ETP Holders that are not affiliated with an NYSE Arca Options OTP Holder or OTP Firm. However, the Exchange notes that ETP Holders that are not affiliated with an NYSE Arca Options OTP Holder or OTP Firm are still eligible for the $0.0030 Cross-Asset Tier rate when they qualify for one of the other Tiers described in the Fee Schedule (e.g., Tier 1).

The Exchange believes that the proposal to add the new Retail Order Cross-Asset Tier is reasonable because it would provide firms with a way in which to qualify for $0.0034 rebate through equity retail and options customer orders. The Exchange further believes that the proposed Retail Order Cross-Asset Tier is equitable and not unfairly discriminatory because a firm that does not submit options orders can still be eligible for the $0.0034 rebate available from Investor Tier 1.

The Exchange believes that the proposal to raise the fee charged for transactions with a per share price below $1.00 that take liquidity from the Book from 0.2% to 0.3% of the total dollar value of the transaction is reasonable because the proposed new rate is consistent with similar fee amounts charged by other exchanges.\textsuperscript{14} The Exchange further believes that the proposed fee increase is equitable and not unfairly discriminatory because it will apply to all transactions that take liquidity from the Exchange in securities with a per share price below $1.00.

Finally, the Exchange believes that the proposal to exclude volume in mini options from contributing to the option volume requirements for Tier 1, the Cross-Asset Tier and the proposed Retail Order Cross-Asset Tier is reasonable because the options volume requirement currently in place in the fee schedule were established prior to the existence of mini options, a new product on NYSE Arca Options. Because mini options are a new product, the Exchange believes it is reasonable to exclude mini option volume in this way. The Exchange further believes that the proposal to exclude volume in mini options from the tiers mentioned above is equitable and not unfairly discriminatory because all market participants that are eligible for the affected tiers will be similarly situated.

\section*{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. In particular, the proposed amendments to the Step Up Tiers that raise the volume requirement needed to be eligible for each respective tier are designed to incent ETP Holders and Market Makers to increase the volume of orders sent directly to NYSE Arca and therefore provide liquidity that supports the quality of price discovery and promotes market transparency.

The proposal to amend the Cross-Asset Tier to replace the numeric benchmark needed to be eligible for the tier with a benchmark based on a percentage of volume will not place an undue burden on competition because it will apply uniformly to all ETP Holders and Market Makers. The proposal to add the new Retail Order Cross-Asset Tier will not place an undue burden on competition because all firms can be eligible for the $0.0034 credit, as those firms that do not submit options orders can still qualify to receive the $0.0034 rebate by meeting the requirements of Investor Tier 1.

The proposal to raise the fee charged for transactions with a per share price below $1.00 from 0.2% to 0.3% of the total value of orders that take liquidity from the Book is consistent with similar fees charged by other exchanges. Finally, the proposal to exclude volume in mini options from contributing to the option volume requirements for Tier 1, the Cross-Asset Tier and the proposed Retail Order Cross-Asset Tier will not place an undue burden on competition because all market participants will be similarly situated in their inability to use volume in mini options to satisfy the options volume requirements of the affected tiers.

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 change reflects this competitive environment.

\section*{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.

\section*{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)(ii) of the Act because it establishes a due, fee, or other charge imposed by NYSE Arca. At any time within 60 days of the filing of such proposed rule change, the Securities and Exchange Commission (“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)\textsuperscript{16} of the Act to determine whether the proposed rule change should be approved or disapproved.

\section*{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:

\begin{itemize}
  \item \textbf{Electronic Comments}
    \begin{itemize}
      \item Use the Commission’s Internet comment form (http://www.sec.gov/rules/sro.shtml); or
      \item Send an email to rule-comments@sec.gov. Please include File Number SR–NYSEArca–2013–32 on the subject line.
    \end{itemize}
  \item \textbf{Paper Comments}
    \begin{itemize}
      \item Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549–1090.
    \end{itemize}
\end{itemize}

All submissions should refer to File Number SR–NYSEArca–2013–32. 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.

\begin{itemize}
  \item See supra note 8.
  \item See supra note 10.
\end{itemize}
SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; BATS Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Modify Market Maker Peg Order Functionality

April 4, 2013.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”) and Rule 19b–4 thereunder, notice is hereby given that, on March 22, 2013, BATS Exchange, Inc. (the “Exchange” or “BATS”) filed with the Securities and Exchange Commission (the “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 is filing with the Commission a proposal to amend the functionality of the Market Maker Peg Order to more closely resemble analogous order types offered by NASDAQ Stock Market LLC (“Nasdaq”) and EDGX Exchange, Inc. (“EDGX”), and to make certain clarifying changes to the rule.

The text of the proposed rule change is available at the Exchange’s Web site at http://www.batstrading.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 Exchange 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 these 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 purpose of this proposed rule change is to amend BATS Rule 11.9(c)(16). Specifically, the Exchange proposes to: (1) Remove the option to allow Market Maker Peg Orders to be priced and executed during the Pre-Opening Session and the After Hours Trading Session and to cancel all Market Maker Peg Orders that are on the BATS Book at the end of Regular Trading Hours; (2) remove the option for a Market Maker Peg Order to be automatically cancelled where there is no NBBO and the order is priced based on the last reported sale from the single plan processor; (3) remove the functionality that would allow a Market Maker to designate a more aggressive offset from the NBBO; (4) make clear that a Market Maker Peg Order will not peg to itself; and (5) make clear that only registered Market Makers are eligible to enter Market Maker Peg Orders. The Exchange is also proposing to reaffirm that it will continue to offer the present automated functionality provided to market makers under Rule 11.8(e) for a period of three months after the implementation of the Market Maker Peg Order.

Market Maker Peg Orders Entered Outside of Regular Trading Hours

The Exchange is proposing to amend BATS Rule 11.9(c)(16) to eliminate the option for Market Maker Peg Orders to be priced and executed outside of Regular Trading Hours and to cancel all Market Maker Peg Orders that are on the BATS Book at the end of Regular Trading Hours. As currently written, a Market Maker may enter a Market Maker Peg Order at any time during the Pre-Opening Session or Regular Trading Hours, with an order entered during the Pre-Opening Session, by default, to remain unpriced and unexecutable until Regular Trading Hours, however, a Market Maker could designate that the order be priced and executable immediately upon entry during the Pre-Opening Session.

Specifically, the Exchange is proposing rule changes to eliminate the ability for a Market Maker to designate that an order be priced and executable immediately upon entry during the Pre-Opening Session, to state that all Market Maker Peg Orders that are on the BATS Book expire at the end of Regular Trading Hours, and to reject all Market Maker Peg Orders entered during the After Hours Trading Session. The Exchange is proposing these changes in order to make its Market Maker Peg Order functionality more closely resemble that of Market Maker Peg Orders at Nasdaq and EDGX. Because the Market Maker Peg Order is designed to help Market Makers meet their quoting obligation on the Exchange and the Exchange’s quoting obligations do not include any obligations outside of Regular Trading Hours, the Exchange does not believe that allowing Market Maker Peg Orders to be priced and executed outside of Regular Trading Hours provides Market Makers with any benefit that would warrant the additional complexity that the