

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 of up to 90 days (i) as the Commission may designate 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 such 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. Please include File Number SR-MSRB-2013-08 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-MSRB-2013-08. 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 10:00 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 MSRB. 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-MSRB-2013-08 and should be submitted on or before November 12, 2013.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁴

Kevin M. O'Neill,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-70637; File No. SR-NYSEArca-2013-92]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Proposed Rule Change To Amend NYSE Arca Equities Rules 7.31, 7.32, 7.37, and 7.38 in Order To Comprehensively Update Rules Related to the Exchange's Order Types and Modifiers

October 9, 2013.

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 September 30, 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 NYSE Arca Equities Rules 7.31, 7.32, 7.37, and 7.38 in order to comprehensively update rules related to the Exchange's order types and modifiers. The text of the proposed rule change is available on the Exchange's Web site 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 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 NYSE Arca Equities Rules 7.31, 7.32, 7.37, and 7.38⁴ in order to update its rules related to the Exchange's order types and modifiers. Given the ever complex nature of equities trading, the Exchange has undertaken a comprehensive review of its rules related to order functionality to assure that its various order types, which have been adopted and amended over the years, accurately describe the functionality associated with those order types, and more specifically, how different order types may interact.⁵ Accordingly, the Exchange proposes these rule changes in order to provide additional specificity and transparency to NYSE Arca Equities ETP Holders regarding the operation of NYSE Arca Equities order types and modifiers, to better align its rules with currently available functionality, and to organize and define order types and modifiers in a more intuitive manner.

The Exchange proposes to make specific rule changes as follows:

⁴ All references to rules in this filing are to the rules of NYSE Arca Equities.

⁵ Commission staff has noted the increased complexity of the equities markets. See Gregg E. Berman, Senior Advisor to the Director of the Division of Trading and Markets, Market Structure: What we Know, and What we Need to Know (Sept. 21, 2011) ("This is because our present market structure is itself the product of evolutionary advancements in regulations, technologies, products, venues, news, investor sentiment, and probably even twitter. It is not a simple mosaic of different actors operating in isolation. The interdependencies of every participant and every system has led to an exponential growth in complexity.")

²⁴ 17 CFR 200.30-3(a)(12).

¹⁵ 15 U.S.C. 78s(b)(1).

²⁵ 15 U.S.C. 78a.

³⁷ 17 CFR 240.19b-4.

Rule 7.31(a)—Market Order

The Exchange proposes to amend Rule 7.31(a) to expressly provide that Market Orders will not trade through the NBBO and that Market Orders shall be rejected if there is no bid or offer. A Market Order is an order to buy or sell a stated amount of a security that is to be executed at the National Best Bid or Offer (“NBBO”). Therefore, Market Orders will not trade through the NBBO, and the Exchange believes expressly stating as such in its Rules will provide additional specificity to Users. Additionally, Market Orders will be rejected if there is no bid or offer because a Market Order cannot be executed pursuant to the Users expectations—at the NBBO. The Exchange believes it is appropriate to reject a Market Order when there is no bid or offer because it assures that an unexecutable order will not be entered into the Exchange’s book.

Rule 7.31(c)—Time in Force Modifiers

The Exchange proposes to make the following changes with respect to the description of Time in Force Modifiers:

- The Exchange proposes to describe the functionality found in Rule 7.31(c) as “Modifiers,” and as such, revise the title of Rule 7.31(c) to read “Time in Force Modifiers.” Similarly, the Exchange proposes to revise the names and descriptions of the functionality described in Rule 7.31(c) to reflect the usage of the term “Modifiers” rather than “Orders.” The Exchange believes that these proposed rule changes more clearly describe the function of the time-in-force instructions, *i.e.*, that they are modifiers that can be used with order types as opposed to distinct order types.

- The Exchange proposes to amend Rule 7.31(c)(1) to clarify that the Day Modifier cannot be combined with any other Time in Force Modifier. As is the case today, an order type that is required to include a Day Modifier cannot also have a Good Till Cancelled (“GTC”), Good Till Date (“GTD”), Timed, Immediate-or-Cancel (“IOC”), or Fill-or-Kill (“FOK”) Time in Force Modifier.

- The Exchange proposes to move the description of the Timed Modifier from its current location in Rule 7.31(q) to become new Rule 7.31(c)(2)(C). The Timed Modifier is used in conjunction with the GTD Modifier in order to specify an exact time until which a limit order will remain in effect, after which such order or the portion thereof not executed is to be treated as cancelled. As such, the Exchange believes it is appropriate to relocate the Timed

Modifier to Rule 7.31(c) as a Time in Force Modifier.

- The Exchange proposes to move the description of the IOC Modifier from its current location in Rule 7.31(e) to become new Rule 7.31(c)(3). The Exchange also proposes to expand the description of the IOC Modifier in Rule 7.31(c)(3) to provide that the IOC Modifier will override any posting or routing instructions of orders that include the IOC Modifier. This rule change makes clear to ETP Holders that Exchange systems give priority to the IOC Modifier and ignore any other posting and routing instructions submitted with the order. Additionally, the Exchange proposes to specify that orders designated with an IOC Modifier never route. Further, the Exchange proposes to delete the subparagraphs under old Rule 7.31(e) as redundant. The determination as to what away quotes will not be traded through is based on the order type and not the IOC designation. Therefore, the Exchange believes it is appropriate for Users to review the applicable order type descriptions to determine which away quotes will be respected.

- The Exchange proposes to move the description of the FOK Modifier from its current location in current Rule 7.31(l) to become new Rule 7.31(c)(4). The Exchange believes that the FOK instructions on an order are a time-in-force condition, and therefore it is more intuitive to include this modifier with other time in force descriptions.

- Because the Exchange proposes to define the term “IOC,” the Exchange proposes to replace references to the term “immediate or cancel” with the term “IOC” in Rules 7.31 and 7.37.⁶

Rule 7.31(d)—Inside Limit Order

The Exchange proposes to amend Rule 7.31(d) to specify that an Inside Limit Order may not be designated as a Discretionary Order and will not trade through either the NBBO or Protected Quotations.⁷

An Inside Limit Order is a limit order routed to the market participant with the best displayed price, and any unfilled portion will not be routed to the next best price level until all quotes at the current best bid or offer are exhausted. Once each current best bid or offer is exhausted, Exchange systems reevaluate the next best displayed price and route to that single price point and continue such assessment at each new

⁶ See proposed changes to Rules 7.31(h)(6), (h)(7), (s)(6), (aa), and 7.37(d)(1) and (2).

⁷ The NBBO includes quotes from a market that may not be automated and therefore would not be a Protected Quotation pursuant to Regulation NMS Rule 600(b)(57).

best displayed price level until the Inside Limit Order is filled or no longer marketable. An Inside Limit Order is marketable when priced to buy (sell) at or above (below) the NBBO for the security. Therefore, the Inside Limit Order’s functionality relies on a single-price to determine when it is no longer marketable. A Discretionary Order, however, is an order with two prices: a specified, undisplayed price and a specified, displayed price. The Exchange believes that it could cause confusion if Discretionary Orders were combined with Inside Limit Orders because Users might not know whether it is the limit price or the discretionary price which determines when the Inside Limit Order is no longer marketable. Therefore, the Exchange believes it is appropriate to reject Discretionary Orders when combined with Inside Limit Orders to reduce confusion, thus prohibiting an order combination which could result in an execution at odds with the expectations of a User.

Additionally, the Exchange believes that it is appropriate to specify that Inside Limit Orders will not trade through either the NBBO or Protected Quotations. Inside Limit Orders are designed to execute against the best displayed price level, whether or not quotes at such level are automatic or manual. As such, Inside Limit Orders will respect the NBBO and Protected Quotations, routing to away markets as necessary.

Rule 7.31(h)(2)—Discretionary Order

The Exchange proposes to amend Rule 7.31(h)(2) to specify that Discretionary Orders designated IOC and sell short Discretionary Orders shall be rejected.

Similar to why a Discretionary Order and an Inside Limit Order cannot be combined, the Exchange believes it is appropriate to reject a Discretionary Order designated IOC in order to reduce confusion regarding whether the order’s functionality is based on the limit price or the discretionary price. A limit order designated IOC will execute in whole or in part as soon as such order is received at prices better than its limit price; adding a discretionary price only serves to add confusion as to whether the IOC will execute at prices better than its limit price or at prices better than its discretionary price. As such, the Exchange believes it is appropriate to reject Discretionary Orders designated IOC, thus prohibiting an order combination which could result in an execution at odds with the expectations of a User.

Additionally, Exchange systems currently do not accept sell short

Discretionary Orders because of the complexity of offering such functionality, and the Exchange believes that it will provide transparency in its rules to specify that such orders will be rejected.

Rule 7.31(h)(2)(A)—Passive Discretionary Order

A previous rule change filed with the Commission inadvertently deleted portions of the definition of a Passive Discretionary Order.⁸ The Exchange proposes to amend Rule 7.31(h)(2)(A) to correct the inadvertent deletion and to provide that a Passive Discretionary Order will route to an away market if marketable upon entry. Additionally, the Exchange proposes to delete Rule 7.31(h)(2)(A)(i) as there no longer is a distinction in how Passive Discretionary Orders are treated between Exchange-listed and non-Exchange-listed securities.

Rule 7.31(h)(2)(B)—Discretion Limit Order

The Exchange proposes to amend Rule 7.31(h)(2)(B) to insert language that was inadvertently deleted by a filing previously made with the Commission to provide that a Discretionary Order may be designated as a Discretion Limit Order.⁹ The inserted language conforms the first sentence of Rule 7.31(h)(2)(B) with the first sentence of Rule 7.31(h)(2)(A), which describes a Passive Discretionary Order.

Rule 7.31(h)(3)—Reserve Order

The Exchange proposes to amend Rule 7.31(h)(3) to specify that Reserve Orders cannot be combined with an order type that could never be displayed on the Corporation and must be in round lots. A Reserve Order is a limit order with a portion of the size displayed and with a reserve portion of the size (“reserve size”) that is not displayed on the Corporation. Therefore, the description of a Reserve Order contemplates a displayed portion. If an order type is never displayed on the Corporation, then it will not have the displayed portion required by the Reserve Order description. As a result, such order types are incompatible with a Reserve Order, and their combination with a Reserve Order is rejected. Additionally, because of its original design, Exchange systems currently do not accept Reserve Orders not entered in round lots, and the Exchange believes that it will provide transparency in its

rules to specify that Reserve Orders not entered in round lots would be rejected.

Rule 7.31(h)(4)—Passive Liquidity Order

The Exchange proposes to amend Rule 7.31(h)(4) to specify that Passive Liquidity (“PL”) Orders must be designated as Inside Limit Orders. Exchange systems require that a PL Order must be designated as an Inside Limit Order or it will be rejected. A PL Order is entered by ETP Holders into Exchange systems by using two order tags, one for the order type and one for an execution instruction. The order type tag for PL Orders is the same as that for an Inside Limit Order. The execution instruction tag is one specifically for PL Orders. If the execution instruction tag specifically for PL Orders is not combined with an Inside Limit Order, then Exchange systems reject such an order. Thus, the combination is required to ensure proper entry of a PL Order, and the rule change is meant to add transparency to the order entry process. With the order entry for PL Orders designed in this manner, the combination of PL Orders with Inside Limit Orders permits PL Orders to respect not only protected quotations, but also manual quotations in its functionality.¹⁰ A PL Order is designed to permit passive interaction with incoming orders; thus, the Exchange believes that respecting manual quotations, in addition to protected quotations, is consistent with the passive nature of a PL Order.

Additionally, the Exchange proposes to amend Rule 7.31(h)(4) to specify that PL Orders designated IOC shall be rejected. The Exchange believes it is appropriate to reject a PL Order designated IOC because an IOC designation would be inconsistent with the nature of a PL Order. A PL Order is designed to permit passive interaction with incoming orders; however, an IOC designation is seeking immediately available liquidity and then cancelling. As a result, the combination is incompatible and the Exchange believes it is appropriate to reject a PL Order designated IOC.

Rule 7.31(h)(5)—Mid-Point Passive Liquidity Order (“MPL Order”)

The Exchange proposes to amend Rule 7.31(h)(5) to clarify that MPL Orders entered without a limit price shall be rejected. MPL Orders are limit orders and therefore must be entered

with a limit price. If a User fails to include a limit price with its MPL Order, the MPL Order will be rejected.

Additionally, in order to use consistent language in its rules, the Exchange proposes to change language referring to a “No Midpoint Execution” designator in the MPL Order description to a “No Midpoint Execution” Modifier.

Rule 7.31(i)—Directed Order; Rule 7.31(j)—Directed Fill

The Exchange proposes to delete Rules 7.31(i) and (j), as the Directed Order and Directed Fill are order types no longer available to Users on Exchange systems and thus should be removed from the rule. The Exchange also proposes to eliminate references in other rules to Directed Orders and Directed Fills.¹¹

Rule 7.31(k)—Q Orders

The Exchange proposes to amend Rule 7.31(k)(4) to clarify that, in addition to being rejected when designated as an Intermarket Sweep Order, a Q Order will be rejected if it is marketable or is an odd lot. Both of these rejections reflect the fact that Q Orders are designed to be used by Market Makers to satisfy their obligation to maintain continuous, two-sided interest in securities in which they are registered to trade. As such, Q Orders are meant to act as a means to post quotes, and trades are to occur against them. Therefore, the Exchange believes it is appropriate to reject Q Orders that are marketable upon entry since such orders would be taking liquidity rather than providing liquidity. Additionally, a Market Maker’s obligation to maintain continuous, two-sided interest requires that the interest “shall have a displayed size of at least one normal unit of trading (or a larger multiple thereof).”¹² In order to satisfy this requirement, the Exchange believes it is appropriate to reject Q Orders that do not have a displayed size of at least one round lot.

Rule 7.31(n)—Do Not Reduce; Rule 7.31(o)—Do Not Increase

For consistency, the Exchange proposes to describe the “Do Not Reduce” and “Do Not Increase” functionality as “Modifiers” rather than “orders.” The Exchange believes that the use of the term “Modifier” more accurately describes the functionality, since these modifiers can be added to any order type.

⁸ See Securities Exchange Act Release No. 63584 (Dec. 21, 2010), 75 FR 81685 (Dec. 28, 2010).

⁹ See *id.*

¹⁰ An Inside Limit Order is defined as “[a] Limit Order, if routed away pursuant to Rule 7.37(d), will be routed to the market participant with the *best displayed price.*” See Rule 7.31(d) (emphasis added).

¹¹ See NYSE Arca Equities Rules 7.31(h)(4), (v), (w); 7.38(a)(1).

¹² See NYSE Arca Equities Rule 7.23(a)(1)(A).

Rule 7.31(p)—Fill-or-Return; Rule 7.31(r)—Fill-or-Return Plus

The Exchange proposes to delete Rules 7.31 (p) and (r), as the Fill-or-Return Order and Fill-or-Return Plus Order are order types not available to Users on Exchange systems and thus should be removed from the rule. The Exchange also proposes to eliminate references in other rules to the Fill-or-Return or Fill-or-Return Plus functionality.¹³

Rule 7.31(t)—Auction-Only Order

The Exchange proposes to amend Rule 7.31(t) to specify that, in addition to being incompatible with a GTC designation, an Auction-Only order cannot be designated as a discretionary order. A Discretionary Order is an order with a specified, undisplayed price, in addition to a specified, displayed price. Thus, a Discretionary Order contains two different prices. The Exchange believes permitting a Discretionary Order to combine with an Auction-Only order may cause confusion regarding the price at which the order would participate in the auction process. Therefore, the Exchange believes it is appropriate to reject such a combination, thus prohibiting an order execution at odds with the expectations of a User.

The Exchange also proposes to move the descriptions of a Market-on-Close Order (“MOC”) and a Limit-on-Close Order (“LOC”) from their current locations in Rules 7.31(dd) and (ee), respectively, to new subparagraphs (3) and (4), respectively, of Rule 7.31(t). The Exchange believes that because MOC and LOC Orders are a form of Auction-only Orders, it is more logical to include these order types with other Auction-only order types. The Exchange also proposes to amend the descriptions of MOC and LOC Orders to conform them to the descriptions of Limit-on-Open and Market-on-Open Orders.

Rule 7.31(u)—Cleanup Order

The Exchange proposes to delete Rule 7.31(u), as Cleanup Orders are not available to Users on Exchange systems and thus should be removed from the rule.

Rule 7.31(v)—NOW Order

The Exchange proposes to amend Rule 7.31(v) to specify that combining a NOW Order with another order type will override the posting or routing instructions of the order with which it is combined. This rule change makes

clear to ETP Holders that Exchange systems give priority to the NOW Order and ignore any other posting and routing instructions submitted with the order.

In order to conform its rule set, the Exchange also proposes to amend the description of a NOW Order such that it is described as a “Limit Order” rather than a “Limited Price Order.”

Rule 7.31(x)—Primary Only (“PO”) Order

The Exchange proposes to amend Rule 7.31(x) to specify that, in addition to being incompatible with a GTC designation, a PO Order cannot be designated as a Reserve Order. A Reserve Order is a limit order with a portion of the size displayed, and with a reserve portion of the size that is not displayed, on the Exchange. Therefore, the Reserve Order’s functionality is dependent on being on the Exchange. A PO Order, however, is a market or limit order that is routed to the primary market and will never have a size displayed on the Exchange. As a result, the Exchange believes it is appropriate to specify that a PO Order may not be combined with a Reserve Order because the two orders are incompatible.

Rule 7.31(z)—Midpoint Directed Fill

The Exchange proposes to delete Rule 7.31(z), as Midpoint Directed Fills are not available to Users on Exchange systems and thus should be removed from the rule.

Rule 7.31(cc)—Pegged Orders

The Exchange proposes to amend Rule 7.31(cc) to specify that Pegged Orders may be entered only during the Core Trading Session. Additionally, the Exchange is clarifying that Pegged Orders will be rejected where an NBBO does not exist at time of entry or where the Pegged Order is to sell short during a Short Sale Period.¹⁴

The Exchange believes it is appropriate to reject a Pegged Order where an NBBO does not exist because Pegged Orders are limit orders to buy or sell at a displayed price set to track the current bid or ask of the NBBO. If no NBBO exists, then a Pegged Order cannot function properly. Further, because a Pegged Order is rejected where an NBBO does not exist, Exchange systems will reject a Pegged

Order entered outside of the Core Trading Session. Additionally, Exchange systems reject a sell short Pegged Order during a Short Sale Period because of the complexity of offering such functionality, and the Exchange believes it will provide clarity to ETP Holders to specify that such orders are rejected.

The Exchange also proposes to add subparagraphs (1) and (2) to Rule 7.31(cc) to specifically describe the two variations of Pegged Orders available to Users: Market Pegged and Primary Pegged. A Market Pegged Order is a buy order that is pegged to the National Best Offer or a sell order that is pegged to the National Best Bid. Because a Market Pegged Order is tracking the contra-side NBB or NBO, an offset value is required to avoid locking the market. A Primary Pegged Order is a buy order that is pegged to the NBB or a sell order that is pegged to the NBO. An offset value is permitted, but not required, on a Primary Pegged Order. Additionally, the Exchange is proposing to amend Rule 7.31(cc) to clarify that the offset value for Pegged Orders may be specified up to two decimals. The Exchange notes that the Primary and Market Pegged Orders are not new or novel, and the proposed revisions to the Exchange rule are consistent with the operation of pegging functionality at other markets.¹⁵

Rule 7.31(gg)—Don’t Arb Me Modifier

The Exchange proposes to delete Rule 7.31(gg), as the Don’t Arb Me Modifier is not available to Users on Exchange systems and thus should be removed from the rule.

Rule 7.31(hh)—Proactive if Locked Modifier

The Exchange proposes to amend Rule 7.31(hh) to clarify that the Proactive if Locked Modifier may be used in conjunction with order types other than Reserve Orders. Under current Rule 7.31(hh), the Proactive if Locked Modifier is described as a Proactive if Locked Reserve Order, and its description is tailored to the modifier’s combination with a Reserve Order. The Exchange proposes to amend the description to make clear that the Proactive if Locked Modifier is not limited to use with only a Reserve Order, and may be combined with a limit order to cause the limit order to be routed to another market center in instances where the other market center has locked the order and the locking market has not resolved the locked market situation in a timely manner.

¹³ See NYSE Arca Equities Rules 7.32; 7.37(d)(1)–(2).

¹⁴ Rule 7.16(f)(ii) provides that Exchange systems “shall not execute or display a short sale order with respect to a covered security at a price that is less than or equal to the current national best bid if the price of that security decreases by 10% or more” Once triggered, this Short Sale Price Test, pursuant to Rule 7.16(f)(iv), will remain in effect until the close of trading on the next trading day (the “Short Sale Period”).

¹⁵ See Nasdaq Rule 4751(f)(4); BATS Rule 11.9(c)(8); NYSE Rule 13.

Rule 7.31(jj)—Intermarket Sweep Order (“ISO”)

The Exchange proposes to amend Rule 7.31(jj) to clarify that an ISO is never routed to an away market and may trade through a Protected Quotation. Although the Exchange’s reference to the requirements of Regulation NMS provides Users with sufficient information to understand the ISO functionality, the Exchange believes that the amended language will provide additional clarity to Users.

Additionally, the Exchange proposes to amend Rule 7.31(jj) to clarify that when designated ISO, an order will not be rejected or cancelled even though it would lock, cross, or be marketable against an away market. Several Exchange order types will be rejected or cancelled if they were to lock, cross, or be marketable against an away market; however, marking such orders as ISOs will cause the combination to be accepted by Exchange systems. The restriction against locking, crossing, or being marketable against away markets, and thus rejecting the order, generally relates to the fact that such orders would be violating the restrictions found in Regulation NMS as locking, crossing, or trading through Protected Quotations. Because the ISO designation signifies that the User is complying with SEC Rule 611 of Regulation NMS with respect to ISOs—routing ISOs to better-priced Protected Quotations for the full displayed size—the concerns are no longer applicable, and therefore, the Exchange will not cancel or reject such orders when designated ISO.

Rule 7.31(kk)—Primary Sweep Order (“PSO”)

The Exchange proposes to amend Rule 7.31(kk) to update the description of PSOs. Currently, Rule 7.31(kk)(1) describes the process by which PSOs are routed to NYSE; however, such process is also applicable to PSOs routed to NYSE MKT. As such, the Exchange proposes to amend Rule 7.31(kk)(1) to include NYSE MKT.

Rule 7.31(mm)—Post No Preference Blind (“PNPB”)

The Exchange proposes to amend Rule 7.31(mm) to clarify that a PNPB Order is an PNP Order that is placed undisplayed on the NYSE Arca book at the price of the contra-quote of the PBBO if the order would lock or cross a protected quotation. The current rule text references the term “displayed,” however, that term is intended to modify the Protected Best Bid or Protected Best Offer. The Exchange proposes to amend the rule text to make

clear that a PNPB order is undisplayed if it is priced at or through the PBBO. The proposed rule change does not change the functionality of the PNPB Order.

The Exchange proposes to further amend Rule 7.31(mm) to clarify that a PNPB Order combined with an Add Liquidity Only (“ALO”) Order will not be cancelled if it is marketable against the PBBO. Currently, Rule 7.31(nn)(1) states that an ALO Order will be rejected where, at time of entry, the ALO Order is marketable. This restriction is designed to prevent (1) the order from locking or crossing an away quote and (2) the order from taking liquidity rather than being a provider of liquidity. However, an ALO Order, when combined with a PNPB Order will not be rejected when it is marketable against the NBBO. An ALO Order that is combined with a PNPB Order may be marketable against the NBBO upon arrival. However, pursuant to the order instructions associated with a PNPB Order, if the PNPB ALO Order is marketable against the PBBO, it is placed undisplayed in the NYSE Arca book and therefore would not lock or cross an away quote. Additionally, because the order is undisplayed, it can rest in Exchange systems as a liquidity provider, despite being marketable against away quotes. A PNPB ALO Order would still be rejected if it would be marketable against liquidity resting in Exchange systems.

Rule 7.31(nn)—ALO Order

The Exchange proposes to amend Rule 7.31(nn) to clarify that an ALO Order must be designated as either a PNP or MPL Order. The Exchange notes that the reference to PNP Orders includes all types of PNP Orders, including PNPB Orders. An ALO Order is a limit order that is accepted and placed in the NYSE Arca book only where the order adds liquidity. ALO Orders do not route to away market centers. Such functionality is accomplished by designating the ALO Order as a PNP Order. As described in Rule 7.31(w), a PNP Order is a limit order to buy or sell that is to be executed in whole or part on the Corporation, without routing any portion of the order to another market center. An ALO Order can also be designated as an MPL Order, an order type combination whose functionality has previously been described by the Exchange.¹⁶ The Exchange also proposes to delete the rule language stating that an ALO Order may not be

designated as GTC. Because an ALO Order must be designated with a Day Modifier and no other Time in Force Modifiers may be combined with the Day Modifier, the Exchange believes that it is unnecessary to also state that an ALO may not be designated as GTC.

The Exchange also proposes to amend Rule 7.31(nn)(3) to explicitly provide that an MPL–ALO Order may lock another MPL or MPL–ALO Order and not be rejected. Currently, Rule 7.31(nn)(3) states that “ALO Orders will ignore MPL Orders and proceed to be placed in the NYSE Arca Book” For clarity, the Exchange is amending this provision to state that an ALO Order, designated as MPL and therefore undisplayed, will be accepted even if it is at the same price level as a contra-side MPL or MPL–ALO Order.¹⁷

Supplementary Material .01—Order Type and Modifier Combination

The Exchange proposes to add Supplementary Material .01 to Rule 7.31 in order to provide guidance to Users as to the possible order type combinations available and how to interpret Rule 7.31 to aid in determining what order type combinations will be accepted. Specifically, Supplementary Material .01 will provide the general proposition that, unless the terms of a proposed combination are inconsistent, Users are generally able to combine order types and modifiers. Additionally, the explicit rules that the Exchange has developed to aid Users are meant to provide guidance, but not provide an exhaustive list, of the permissible and impermissible order type and modifier combinations.

Given the number of order types and modifiers, the number of potential order type and modifier combinations is too numerous to effectively describe every possible combination without producing an unwieldy rule. The revisions appearing in this proposed rule change are meant to provide additional clarity as to combinations NYSE Arca reasonably believes that Users, in practice, enter. In addition, Supplementary Material .01 is designed to provide Users with the general rule for deciding when order types and modifiers may be combined.

Supplementary Material .02—Incoming/Resting Functionality

The Exchange proposes to add Supplementary Material .02 to Rule 7.31

¹⁷ A User may designate an MPL or MPL–ALO Order as eligible to interact with an arriving marketable MPL–ALO Order. If so designated, the two orders will execute and the arriving marketable MPL–ALO will be designated as the liquidity provider.

¹⁶ See Securities Exchange Act Release No. 67652 (Aug. 14, 2012), 77 FR 50189 (Aug. 20, 2012).

to provide additional guidance to Users as to certain order type combinations. Specifically, Supplementary Material .02 will provide that if two order types are combined that include instructions for operation on arrival and for how the order operates while resting on the Exchange's book, the instructions governing functionality while incoming will be operative upon arrival. Further, functionality governing how the order operates while resting on the Exchange's book will govern any remaining balance of the order that is not executed upon arrival. While such functionality may be intuitive, the Exchange believes it is appropriate to explicitly state such functionality in order to ensure that its rules are clear and properly interpreted by Users.

Rule 7.32—Order Entry

The Exchange proposes to amend Rule 7.32 to specify that orders with a size greater than one million shares shall be rejected. Exchange systems currently do not accept orders with a size greater than one million shares, and the Exchange believes that it will provide transparency in its rules to specify that orders with a size greater than one million shares would be rejected.

Rule 7.38—Odd and Mixed Lots

The Exchange proposes to amend Rule 7.38(a)(2) to clarify that specific language in the descriptions of individual order types override the general rule that mixed lot orders may be any order type supported by the Exchange. Rule 7.38(a)(2) currently provides that mixed lot orders submitted by Users to the NYSE Arca Marketplace may be any order type supported by the NYSE Arca Marketplace. The Exchange believes explicitly stating that specific language in the individual order types is controlling will provide guidance to those Users who may be confused by the broad language in Rule 7.38(a)(2).

Technical Amendments

The Exchange proposes to make technical amendments to various provisions in Rules 7.31 and 7.37. Specifically, the Exchange proposes to conform its usage of abbreviations such that common abbreviations for order types and modifiers will be inserted throughout Rules 7.31 and 7.37 where appropriate.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b)¹⁸ of the

Act, in general, and furthers the objectives of Section 6(b)(5),¹⁹ in particular, in that it is designed to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and national market system, and in general, to protect investors and the public interest, and not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that the proposed rule change will foster cooperation and coordination with persons engaged in regulating transactions in securities because the specificity, transparency, and more intuitive descriptions and organization will assist regulators to understand how the affected order types and modifiers are being used by market participants. As such, the proposed rule change will help regulators in the identification of any potential misuse by market participants.

The Exchange believes that the proposed rule change will remove impediments to and perfect the mechanism of a free and open market and national market system because, by providing specificity and transparency, the proposed rule change will provide greater clarity with respect to the use and potential use of the functionality. With greater clarity regarding what a specific order type or modifier does and its proper use, greater competitive forces can be brought to bear on, and help to foster the proper functioning of, the market.

The Exchange believes that the proposed rule change will protect investors and the public interest. The increased transparency and specificity resulting from the proposed rule change will enable investors and the public to understand the tools available to the agents handling their orders as well as those available to professional market participants who may be competing with their orders.

Finally, the Exchange believes that the proposed rule change is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers. By enhancing transparency, specificity, and clarity, the proposed rule change will reduce any potentially discriminatory or unfair use of Exchange functionality. By providing the functionality, making it available to the public, and providing clear explanations to help facilitate a

complete understanding of the functionality, the proposed rule change will reduce any discriminatory or unfair use by a subset of the market.

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

The Exchange does not believe that the proposed rule change imposes any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. In fact, the Exchange believes that the proposed rule change will increase competition between market participants by providing greater transparency and specificity to market participants who may wish to take advantage of the functionality offered by the Exchange. The greater transparency and specificity will allow market participants to utilize the tools made available by the Exchange to accomplish their trading strategies and investment goals in an efficient manner. An increase in the knowledge of market participants regarding the functionality offered by the Exchange can only serve to improve the competition in the marketplace by creating a more transparent trading 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

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:

¹⁸ 15 U.S.C. 78f(b).

¹⁹ 15 U.S.C. 78f(b)(5).

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-2013-92 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-2013-92. 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 10:00 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-2013-92 and should be submitted on or before November 12, 2013.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁰

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2013-24642 Filed 10-21-13; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-70624; File No. SR-NYSEArca-2013-101]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Proposed Rule Change To List and Trade Shares of the WisdomTree Bloomberg U.S. Dollar Bullish Fund, WisdomTree Bloomberg U.S. Dollar Bearish Fund, and the WisdomTree Commodity Currency Bearish Fund Under NYSE Arca Equities Rule 8.600

October 8, 2013.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that, on September 26, 2013, 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 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 list and trade the shares of the following funds of the WisdomTree Trust ("Trust") under NYSE Arca Equities Rule 8.600 ("Managed Fund Shares"): WisdomTree Bloomberg U.S. Dollar Bullish Fund ("DI Bull Fund"); the WisdomTree Bloomberg U.S. Dollar Bearish Fund ("DI Bear Fund," and with the DI Bull Fund, "DI Funds"); and the WisdomTree Commodity Currency Bearish Fund ("CC Bear Fund," and collectively with the DI Funds, "Funds"). The shares of the Funds are collectively referred to herein as the "Shares." The text of the proposed rule change is available on the Exchange's Web site 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 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 list and trade the Shares of the Funds under NYSE Arca Equities Rule 8.600, which governs the listing and trading of Managed Fund Shares on the Exchange.³ The Funds will be actively-managed exchange traded funds ("ETFs").⁴ The Shares will be offered by the Trust, which was established as a Delaware statutory trust on December 15, 2005. The Trust is registered with the Commission as an investment company and has filed a registration statement on Form N-1A ("Registration Statement") with the Commission on behalf of each of the Funds.⁵

³ A Managed Fund Share is a security that represents an interest in an investment company registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1) ("1940 Act") organized as an open-end investment company or similar entity that invests in a portfolio of securities selected by its investment adviser consistent with its investment objectives and policies. In contrast, an open-end investment company that issues Investment Company Units, listed and traded on the Exchange under NYSE Arca Equities Rule 5.2(j)(3), seeks to provide investment results that correspond generally to the price and yield performance of specific foreign or domestic stock index, fixed income securities index, or combination thereof.

⁴ The Commission previously approved listing and trading on the Exchange of a number of actively managed funds under NYSE Arca Equities Rule 8.600. See, e.g., Securities Exchange Act Release Nos. 57801 (May 8, 2008), 73 FR 27878 (May 14, 2008) (SR-NYSEArca-2008-31) (order approving Exchange listing and trading of twelve actively-managed funds of the WisdomTree Trust); 58564 (September 17, 2008), 73 FR 55194 (September 24, 2008) (SR-NYSEArca-2008-86) (order approving Exchange listing and trading of WisdomTree Dreyfus Emerging Currency Fund); 62604 (July 30, 2010), 75 FR 47323 (August 5, 2010) (SR-NYSEArca-2010-49) (order approving listing and trading of WisdomTree Emerging Markets Local Debt Fund); 62623 (August 2, 2010), 75 FR 47652 (August 6, 2010) (SR-NYSEArca-2010-51) (order approving listing and trading of WisdomTree Dreyfus Commodity Currency Fund); 63598 (December 22, 2010), 75 FR 82106 (December 29, 2010) (SR-NYSEArca-2010-98) (order approving listing and trading of WisdomTree Managed Futures Strategy Fund); and 63919 (February 16, 2011), 76 FR 10073 (February 23, 2011) (SR-NYSEArca-2010-116) (order approving listing and trading of WisdomTree Asia Local Debt Fund).

⁵ See Post-Effective Amendment No. 216 (DI Bull Fund), No. 217 (DI Bear Fund) and No. 218 (CC Bear Fund) to the Registration Statement on Form N-1A for the Trust, each dated September 6, 2013 under the Securities Act of 1933 (15 U.S.C. 77a) ("Securities Act") and the 1940 Act. (File Nos. 333-

Continued

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

²⁰ 17 CFR 200.30-3(a)(12).