

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-72778; File No. SR-NYSE-2014-41]

### Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending Its Price List Relating to Certain Transactions Involving Floor Brokers

August 6, 2014.

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (“Act”)<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that, on July 23, 2014, 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, 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 Price List related to certain transactions involving Floor brokers. The Exchange proposes to implement the fee change effective July 23, 2014. The text of the proposed rule change is available on the Exchange’s Web site at [www.nyse.com](http://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 amend its Price List related to certain transactions involving Floor brokers. The Exchange proposes to implement the fee change effective July 23, 2014.

##### Cross Trades

The Price List currently provides that an agency cross trade (i.e., where a member organization has customer orders to buy and sell an equivalent amount of the same security) receives a \$0.0006 credit per share, per transaction, which is credited to both sides of the transaction. The rate applies to cross trades effected on the Exchange, which are effected only by Floor brokers. The Exchange proposes a non-substantive change to the description to (i) eliminate the existing reference to “agency,” which is intended to refer to the agency capacity in which the Floor broker represents the crossed trade (i.e., not as principal), and (ii) replace the term “member organization” with the term “Floor broker,” as only Floor brokers are able to execute a cross trade. The resulting transaction description would be a Floor broker cross trade (i.e., a trade where a Floor broker executes customer orders to buy and sell an equivalent amount of the same security).<sup>4</sup> The existing credit of \$0.0006 would not change. This proposed change is designed to avoid potential confusion with an “agency cross,” which, under NYSE Rule 72(d), has a specific meaning and may be entitled to priority at the cross price, irrespective of pre-existing displayed bids or offers on the Exchange at that price. Replacing “member organization” with “Floor broker” would also add greater precision to the Price List, as only Floor brokers are able to execute cross trades on the Exchange.

##### Non-Electronic Agency Transactions Between Floor Brokers

The Price List currently provides that non-electronic agency transactions between Floor brokers in the crowd are not charged. The Exchange proposes to provide a \$0.0006 credit for these transactions, which would be identical to the rate described above for Floor broker cross trades. The Exchange also

proposes a non-substantive change to this transaction description to specify that the pricing is a per share credit, per transaction, and applies to both sides of the transaction.<sup>5</sup>

##### Non-Electronic Agency Transactions Against the Book

The Price List currently provides that non-electronic agency transactions of Floor brokers that execute against the Book are not charged. The Exchange proposes that this no charge rate would only apply to non-electronic agency transactions of Floor brokers that execute at the close.<sup>6</sup> Non-electronic agency transactions of Floor brokers at the close could be against other trading interest in the crowd or against the Book, which is why “against the Book” would be removed from the description. The Price List already includes a separate transaction description for Floor broker executions swept into the close (i.e., electronic Floor broker transactions), which are similarly not charged.<sup>7</sup> In conjunction with this aspect of the proposed change, and to fill the gap created by the change described above, the Exchange also proposes to introduce a credit of \$0.0006 per share, per transaction applicable to non-electronic agency transactions of Floor brokers that execute against the Book intraday (i.e., other than at the open or close).<sup>8</sup>

##### At the Opening or at the Opening Only Orders

The Price List currently provides that at the opening or at the opening only orders are charged \$0.0010 per share. The Exchange proposes a non-substantive change to this transaction description to specify that the pricing is

<sup>5</sup> The corresponding description for transactions in securities priced below \$1.00 would remain unchanged, as would the existing rate for such transactions.

<sup>6</sup> The Exchange proposes the same change to the corresponding description for transactions in securities priced below \$1.00. The existing rate for such transactions in securities priced below \$1.00 would remain unchanged.

<sup>7</sup> The Price List also provides a charge of \$0.0002 per share for executions at the close (except market at-the-close (“MOC”) and limit at-the-close (“LOC”) orders) and Floor broker executions swept into the close for a member organization that executes an average daily trading volume (“ADV”) of at least 1,000,000 shares in such transactions on the Exchange during the billing month. This existing \$0.0002 charge would not apply to non-electronic agency transactions of Floor brokers that execute at the close, because they cannot be “swept into the close.”

<sup>8</sup> The Exchange proposes to introduce a corresponding description for transactions in securities priced below \$1.00, at the “no charge” rate that currently applies to several other transactions in securities priced below \$1.00.

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

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.

<sup>4</sup> The Exchange proposes the same non-substantive changes to the corresponding description for transactions in securities priced below \$1.00. The existing rate for such transactions in securities priced below \$1.00 would remain unchanged.

a per share charge, per transaction, and applies to both sides of the transaction.<sup>9</sup>

The proposed change is not otherwise intended to address any other issues, and the Exchange is not aware of any problems that members and member organizations would have in complying with the proposed change.

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,<sup>10</sup> in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,<sup>11</sup> 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 non-substantive change to the description of the Floor broker cross trade in the Price List is reasonable because it would add greater specificity regarding the type of transaction to which the corresponding rate applies. This is equitable and not unfairly discriminatory because it would avoid confusion with an “agency cross,” which, under NYSE Rule 72(d), may be entitled to priority at the cross price, irrespective of pre-existing displayed bids or offers on the Exchange at that price, and is a subset of Floor broker cross trades eligible for the credit. The reference to the term “agency” in the current description merely refers to the capacity in which a Floor broker is serving (i.e., not as principal), but it is not intended to refer to an “agency cross” for purposes of NYSE Rule 72(d). Additionally, only Floor brokers are able to execute cross trades.

The Exchange believes it is reasonable to provide a \$0.0006 credit for non-electronic agency transactions between Floor brokers in the crowd and non-electronic agency transactions of Floor brokers that execute against the Book intraday because, like Floor broker cross trades for which the same \$0.0006 credit currently applies, these non-electronic agency transactions of Floor brokers are typically large block orders. This is equitable and not unfairly discriminatory because providing the same credit would encourage the execution of such transactions on a public exchange, thereby promoting

price discovery and transparency. The Exchange also believes that the proposed credit is equitable and not unfairly discriminatory because all non-electronic agency transactions between Floor brokers in the crowd and non-electronic agency transactions of Floor brokers that execute against the Book intraday would be eligible to receive the credit and all market participants would benefit from the price discovery and transparency provided by such large block orders. The proposed non-substantive change to the description of non-electronic agency transactions between Floor brokers in the crowd would have no effect on the applicable pricing, but would instead conform this description to the descriptions in the Price List for other transactions.

The Exchange believes that maintaining no charge as the applicable rate for non-electronic agency transactions of Floor brokers that execute at the close is reasonable because this would be the same rate that currently applies to these transactions, and is also the same rate that applies to Floor broker executions swept into the close. This is equitable and not unfairly discriminatory because it would encourage Floor brokers to continue to send orders to the Exchange for the closing auction, thereby contributing to robust levels of liquidity during such period, which benefits all market participants.

The Exchange believes that the proposed non-substantive change to the description of at the opening or at the opening only orders is reasonable because it would have no effect on the applicable pricing, but would instead conform this description to the descriptions in the Price List for other transactions. In this regard, the proposed change would have no effect on the \$20,000 cap per month per member organization that currently applies to this pricing, as described in footnote 2 in the Price List.

Finally, the Exchange believes that it is subject to significant competitive forces, as described below in the Exchange’s statement regarding the burden on competition.

For these reasons, the Exchange believes that the proposal is consistent with the Act.

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

In accordance with Section 6(b)(8) of the Act,<sup>12</sup> the Exchange believes that the proposed rule change would not impose any burden on competition that is not necessary or appropriate in furtherance

of the purposes of the Act. Instead, the Exchange believes that the substantive aspects of the proposed change would encourage the submission of additional liquidity to a public exchange, thereby promoting price discovery and transparency and increasing competition among execution venues. The rates proposed herein would apply only to Floor broker transactions and are consistent with existing rates in the Price List for similar types of Floor broker-only transactions. The Exchange therefore believes that the proposed change would further contribute to competition among member organizations, generally, and Floor brokers, specifically, by encouraging additional orders to be sent to the Exchange for execution.

Finally, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive or rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees and rebates to remain competitive with other exchanges and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. Because competitors are free to modify their own fees and credits in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited. As a result of all of these considerations, the Exchange does not believe that the proposed changes will impair the ability of member organizations or competing order execution venues to maintain their competitive standing in the financial markets.

### *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 foregoing rule change is effective upon filing pursuant to Section 19(b)(3)(A)<sup>13</sup> of the Act and subparagraph (f)(2) of Rule 19b-4<sup>14</sup>

<sup>9</sup> The Exchange proposes the same non-substantive change to the corresponding description for transactions in securities priced below \$1.00. The existing rate for such transactions in securities priced below \$1.00 would remain unchanged.

<sup>10</sup> 15 U.S.C. 78f(b).

<sup>11</sup> 15 U.S.C. 78f(b)(4) and (5).

<sup>12</sup> 15 U.S.C. 78f(b)(8).

<sup>13</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>14</sup> 17 CFR 240.19b-4(f)(2).

thereunder, because it establishes a due, fee, or other charge imposed by the Exchange.

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. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B)<sup>15</sup> of the Act to determine whether the proposed rule change should be approved or disapproved.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

##### *Electronic Comments*

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NYSE-2014-41 on the subject line.

##### *Paper Comments*

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549-1090. All submissions should refer to File Number SR-NYSE-2014-41. 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 Section, 100 F Street NE., Washington, DC 20549-1090. Copies of the filing will also be available for Web

site viewing and printing at the NYSE's principal office and on its Internet Web site at [www.nyse.com](http://www.nyse.com). 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-2014-41 and should be submitted on or before September 2, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>16</sup>

**Kevin M. O'Neill,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-72777; File No. SR-MIAX-2014-39]

### Self-Regulatory Organizations: Miami International Securities Exchange LLC; Notice of Filing of a Proposed Rule Change To List and Trade Options on Shares of the Market Vectors ETFs

August 6, 2014.

Pursuant to the provisions of 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 July 28, 2014, Miami International Securities Exchange LLC ("MIAX" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") a proposed rule change as described in Items I, II, and III 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 a proposal to list and trade on the Exchange options on shares of the Market Vectors Brazil Small-Cap ETF ("BRF"), Market Vectors Indonesia Index ETF ("IDX"), Market Vectors Poland ETF ("PLND"), and Market Vectors Russia ETF ("RSX").

The text of the proposed rule change is available on the Exchange's Web site at [http://www.miaxoptions.com/filter/wotitle/rule\\_filing](http://www.miaxoptions.com/filter/wotitle/rule_filing), at MIAX's principal office, and at the Commission's Public Reference Room.

<sup>16</sup> 17 CFR 200.30-3(a)(12).

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

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

#### 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 aspects 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 list for trading on the Exchange options on the shares of the Market Vectors Brazil Small-Cap ETF,<sup>3</sup> Market Vectors Indonesia Index ETF, Market Vectors Poland ETF, and Market Vectors Russia ETF<sup>4</sup> (collectively the "Market Vector ETFs"). MIAX Rule 402 establishes the Exchange's initial listing standards for equity options (the "Listing Standards"). The Listing Standards permit the Exchange to list options on the shares of open-end investment companies, such as the Market Vectors ETFs, without having to file for approval with the Commission.<sup>5</sup> The Exchange submits that each of the Market Vectors ETFs substantially meet all of the initial listing requirements. In particular, all of the requirements set forth in Rule 402(i) for each of the Market Vectors ETFs are met except for the requirement concerning the existence of a comprehensive surveillance sharing agreement ("CSSA"). However, as explained below, the Exchange submits that sufficient mechanisms exist in order to provide adequate surveillance and regulatory information with respect to the portfolio securities of each of the Market Vectors ETFs.

<sup>3</sup> Options on Market Vectors Brazil Small-Cap ETF are currently listed on Chicago Board Options Exchange, Inc. ("CBOE"), International Securities Exchange ("ISE"), and NASDAQ OMX PHLX ("PHLX").

<sup>4</sup> Options on Market Vectors Russia ETF are currently listed on BATS Options Exchange ("BATS"), BOX Options Exchange ("BOX"), CBOE, PHLX, NYSE AMEX Options ("AMEX"), NYSE ARCA Options ("ARCA"), ISE, and ISE Gemini.

<sup>5</sup> MIAX Rule 402(i) provides the Listing Standards for shares or other securities ("Exchange-Traded Fund Shares") that are traded on a national securities exchange and are defined as an "NMS stock" under Rule 600 of Regulation NMS.

<sup>15</sup> 15 U.S.C. 78s(b)(2)(B).