

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

#### IV. Solicitation of Comments

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

##### *Electronic Comments*

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-ISE-2015-34 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-ISE-2015-34. 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 such filing also will be available for inspection and copying at the principal office of the Exchange. All comments

received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-ISE-2015-34, and should be submitted on or before November 18, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>17</sup>

**Brent J. Fields,**

*Secretary.*

[FR Doc. 2015-27352 Filed 10-27-15; 8:45 am]

**BILLING CODE 8011-01-P**

#### SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-76229; File No. SR-NYSE-2015-46]

#### **Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing of Proposed Rule Change Establishing Rules To Comply With the Requirements of the Plan To Implement a Tick Size Pilot Plan Submitted to the Commission Pursuant to Rule 608 of Regulation NMS Under the Act**

October 22, 2015.

Pursuant to Section 19(b)(1) <sup>1</sup> of the Securities Exchange Act of 1934 (the "Act") <sup>2</sup> and Rule 19b-4 thereunder, <sup>3</sup> notice is hereby given that, on October 9, 2015, New York Stock Exchange LLC ("NYSE" or the "Exchange") 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 establish rules to comply with the requirements of the Plan to Implement a Tick Size Pilot Plan submitted to the Commission pursuant to Rule 608 of Regulation NMS under the Act (the "Plan"). 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.

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

<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.

#### **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 establish rules to require its member organizations to comply with the requirements of the Plan to Implement a Tick Size Pilot Program (the "Plan"), <sup>4</sup> which is designed to study and assess the impact of increment conventions on the liquidity and trading of the common stocks of small capitalization companies. The Exchange proposes changes to its rules for a two-year pilot period that coincides with the pilot period for the Plan, which is currently scheduled as a two year pilot to begin on May 6, 2016.

##### *Background*

On August 25, 2014, NYSE Group, Inc., on behalf of BATS Exchange, Inc., BATS Y-Exchange, Inc., Chicago Stock Exchange, Inc., EDGA Exchange, Inc., EDGX Exchange, Inc., Financial Industry Regulatory Authority, Inc. ("FINRA"), NASDAQ OMX BX, Inc., NASDAQ OMX PHLX LLC, the Nasdaq Stock Market LLC, New York Stock Exchange LLC, NYSE MKT LLC, and NYSE Arca, Inc. (collectively "Participants"), filed with the Commission, pursuant to Section 11A of the Act <sup>5</sup> and Rule 608 of Regulation NMS thereunder, the Plan to Implement a Tick Size Pilot Program. <sup>6</sup> The Participants filed the Plan to comply with an order issued by the Commission on June 24, 2014 (the "June 2014

<sup>4</sup> See Securities and Exchange Act Release No. 74892 (May 6, 2015), 80 FR 27513 (File No. 4-657) ("Tick Plan Approval Order").

<sup>5</sup> 15 U.S.C. 78k-1.

<sup>6</sup> See Letter from Brendon J. Weiss, Vice President, Intercontinental Exchange, Inc., to Secretary, Commission, dated August 25, 2014.

efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

Order”).<sup>7</sup> The Plan<sup>8</sup> was published for comment in the **Federal Register** on November 7, 2014,<sup>9</sup> and approved by the Commission, as modified, on May 6, 2015.<sup>10</sup>

The Plan is designed to allow the Commission, market participants, and the public to study and assess the impact of increment conventions on the liquidity and trading of the common stocks of small capitalization companies. The Commission plans to use the Tick Size Pilot Program to access whether wider tick sizes enhance the market quality of Pilot Securities for the benefit of issuers and investors. Each Participant is required to comply with, and to enforce compliance by its member organizations, as applicable, with the provisions of the Plan.

On October 9, 2015, the Operating Committee approved the Exchange’s proposed rules as model Participant rules that would require compliance by a Participant’s members with the provisions of the Plan, as applicable, and would establish written policies and procedures reasonably designed to comply with applicable quoting and trading requirements specified in the Plan.<sup>11</sup> As described more fully below, the proposed rules would require member organizations to comply with the Plan and provide for the widening of quoting and trading increments for Pilot Securities, consistent with the Plan.

The Tick Size Pilot Program will include stocks of companies with \$3 billion or less in market capitalization, an average daily trading volume of one million shares or less, and a volume weighted average price of at least \$2.00 for every trading day. The Tick Pilot Program will consist of a control group of approximately 1400 Pilot Securities and three test groups with 400 Pilot Securities in each selected by a stratified sampling.<sup>12</sup> During the pilot, Pilot Securities in the control group will

be quoted at the current tick size increment of \$0.01 per share and will trade at the currently permitted increments. Pilot Securities in the first test group (“Test Group One”) will be quoted in \$0.05 minimum increments but will continue to trade at any price increment that is currently permitted.<sup>13</sup> Pilot Securities in the second test group (“Test Group Two”) will be quoted in \$0.05 minimum increments and will trade at \$0.05 minimum increments subject to a midpoint exception, a retail investor exception, and a negotiated trade exception.<sup>14</sup> Pilot Securities in the third test group (“Test Group Three”) will be subject to the same terms as Test Group Two and also will be subject to the “Trade-at” requirement to prevent price matching by a person not displaying at a price of a Trading Center’s “Best Protected Bid or “Best Protected Offer,” unless an enumerated exception applies.<sup>15</sup> In addition to the exceptions provided under Test Group Two, an exception for Block Size orders and exceptions that mirror those under Rule 611 of Regulation NMS<sup>16</sup> will apply to the Trade-at requirement.

The Tick Pilot Program also contains requirements for the collection and transmission of data to the Commission and the public. A variety of data generated during the Tick Pilot Program will be released publicly on an aggregated basis to assist in analyzing the impact of wider tick sizes on smaller capitalization stocks.<sup>17</sup>

#### Proposed Rule 67

The Plan requires the Exchange to establish, maintain, and enforce written policies and procedures that are reasonably designed to comply with applicable quoting and trading requirements specified in the Plan.<sup>18</sup> Accordingly, the Exchange is proposing new Rule 67 to require its member organizations to comply with the quoting and trading provisions of the Plan. The proposed Rule is also designed to ensure the Exchange’s compliance with the Plan.

Proposed paragraph (a)(1) of new Rule 67 would establish the following defined terms:

- “Plan” means the Tick Size Pilot Plan submitted to the Commission pursuant to Rule 608(a)(3) of Regulation NMS under the Act;

- “Pilot Test Groups” means the three test groups established under the Plan, consisting of 400 Pilot Securities each, which satisfy the respective criteria established by the Plan for each such test group.

- “Trading Center” would have the meaning provided in Rule 600(b)(78) of Regulation NMS under the Exchange Act and, for purposes of a Trading Center operated by a broker-dealer, means an independent trading unit, as defined under Rule 200(f) of Regulation SHO, within such broker-dealer.<sup>19</sup>

- “Retail Investor Order” would mean an agency order or a riskless principal order that meets the criteria of FINRA Rule 5320.03 that originates from a natural person and is submitted to the Exchange by a retail member organization (a member organization, or a division thereof, that has been approved by the Exchange under the Exchange’s retail liquidity program rule (Rule 107C) to submit Retail Investor Orders), provided that no change is made to the terms of the order with respect to price or side of market and the order does not originate from a trading algorithm or any other computerized methodology. A Retail Investor Order is an immediate or cancel order that operates in accordance with the Exchange’s retail liquidity program rule (Rule 107C). A Retail Investor Order may be an odd lot, round lot, or partial round lot.<sup>20</sup>

- Paragraph (a)(1)(E) would provide that all capitalized terms not otherwise defined in this rule shall have the meanings set forth in the Plan, Regulation NMS under the Act, or Exchange rules, as applicable.

Proposed Paragraph (a)(2) would state that the Exchange is a Participant in,

<sup>7</sup> See Securities Exchange Act Release No 72460 (June 24, 2014), 79 FR 36840 (June 30, 2014).

<sup>8</sup> Unless otherwise specified, capitalized terms used in this rule filing are based on the defined terms of the Plan.

<sup>9</sup> See Securities and Exchange Act Release No. 73511 (November 3, 2014), 79 FR 66423 (File No. 4-657) (Tick Plan Filing).

<sup>10</sup> See Tick Plan Approval Order, *supra* note 5.

<sup>11</sup> The Operating Committee is required under Section III(C)(2) of the Plan to “monitor the procedures established pursuant to the Plan and advise Participants with respect to any deficiencies, problems, or recommendations as the Operating Committee may deem appropriate.” The Operating Committee is also required to “establish specifications and procedures for the implementation and operation of the Plan that are consistent with the provisions of the Plan.”

<sup>12</sup> See Section V of the Plan for identification of Pilot Securities, including criteria for selection and grouping.

<sup>13</sup> See Section VI(B) of the Plan. Pilot Securities in Test Group One will be subject to a midpoint exception and a retail investor exception.

<sup>14</sup> See Section VI(C) of the Plan.

<sup>15</sup> See Section VI(D) of the Plan.

<sup>16</sup> 17 CFR 242.611.

<sup>17</sup> See Section VII of the Plan.

<sup>18</sup> The Exchange is also required by the Plan to develop appropriate policies and procedures that provide for data collection and reporting to the Commission of data described in Appendixes B and C of the Plan. The Exchange plans to separately propose rules that would require compliance by its member organizations with the collection of data provisions of the Plan described in Section VII of the Plan, and has reserved Paragraph (b) for such rules.

<sup>19</sup> 17 CFR 242.200. Independent trading unit aggregation is available if traders in an aggregation unit pursue only the particular trading objective(s) or strategy(s) of that aggregation unit and do not coordinate that strategy with any other aggregation unit. Therefore, a Trading Center cannot rely on quotations displayed by that broker dealer from a different independent trading unit. As an example, an agency desk of a broker-dealer cannot rely on the quotation of a proprietary desk in a separate independent trading unit at that same broker-dealer.

<sup>20</sup> This definition is the approved definition for “Retail Investor Order” as contemplated by the Plan. It is also the same definition as given to “Retail Orders” pursuant to the approved rules of other national securities exchanges. See NYSE Rule 107C(a)(3). See also NYSE Arca, Inc. Rule 7.44(a)(3), BATS Y-Exchange, Inc. Rule 11.24(a)(2) and NASDAQ Stock Market LLC Rule 4780(a)(2).

and subject to the applicable requirements of, the Plan; proposed Paragraph (a)(3) would require member organizations to establish, maintain and enforce written policies and procedures that are reasonably designed to comply with the applicable requirements of the Plan, which would allow the Exchange to enforce compliance by its member organizations with the provisions of the Plan, as required pursuant to Section II(B) of the Plan.

In addition, Paragraph (a)(4) would provide that Exchange systems would not display, quote or trade in violation of the applicable quoting and trading requirements for a Pilot Security specified in the Plan and this proposed rule, unless such quotation or transaction is specifically exempted under the Plan.<sup>21</sup>

The Exchange also proposes to add Rule 67(a)(5) to provide for the treatment of Pilot Securities that drop below a \$1.00 value during the Pilot Period.<sup>22</sup> The Exchange proposes that if the price of a Pilot Security drops below \$1.00 during regular trading on any given business day, such Pilot Security would continue to be subject to the Plan and the requirements described below that necessitate member organizations to comply with the specific quoting and trading obligations for each respective Pilot Test Group under the Plan, and would continue to trade in accordance with the proposed rules below as if the price of the Pilot Security had not dropped below \$1.00. However, if the Closing Price of a Pilot Security on any given business day is below \$1.00, such Pilot Security would be moved out of its respective Pilot Test Group into the control group (which consists of Pilot Securities not placed into a Pilot Test Group), and may then be quoted and traded at any price increment that is currently permitted by Exchange rules for the remainder of the Pilot Period. Notwithstanding anything contained herein to the contrary, the Exchange proposes that, at all times during the Pilot Period, Pilot Securities (whether in the control group or any Pilot Test Group) would continue to be subject to the data collection rules, which will be enumerated in reserved Rule 67(b).

The Exchange proposes Rules 67(c)–(e), which would require member organizations to comply with the specific quoting and trading obligations

for each Pilot Test Group under the Plan. With regard to Pilot Securities in Test Group One, proposed Rule 67(c) would provide that no member organization may display, rank, or accept from any person any displayable or non-displayable bids or offers, orders, or indications of interest in increments other than \$0.05. However, orders priced to trade at the midpoint of the National Best Bid and National Best Offer (“NBBO”) or Best Protected Bid and Best Protected Offer (“PBBO”) and orders entered in the Exchange’s Retail Liquidity Program as Retail Price Improvement Orders (“Retail Price Improvement Order”)<sup>23</sup> may be ranked and accepted in increments of less than \$0.05. Pilot Securities in Test Group One may continue to trade at any price increment that is currently permitted by Rule 62.10.<sup>24</sup>

With regard to Pilot Securities in Test Group Two, proposed Rule 67(d)(1) would provide that such Pilot Securities would be subject to all of the same quoting requirements as described above for Pilot Securities in Test Group One, along with the applicable quoting exceptions. In addition, proposed Rule 67(d)(2) would provide that, absent one of the listed exceptions in proposed Rule 67(d)(3) enumerated below, no member organization may execute orders in any Pilot Security in Test Group Two in price increments other than \$0.05. The \$0.05 trading increment would apply to all trades, including Brokered Cross Trades.

Paragraph (d)(3) would set forth further requirements for Pilot Securities in Test Group Two. Specifically, member organizations trading Pilot Securities in Test Group Two would be allowed to trade in increments less than \$0.05 under the following circumstances:

(A) Trading may occur at the midpoint between the NBBO or PBBO;

(B) Retail Investor Orders may be provided with price improvement that is at least \$0.005 better than the Best Protected Bid or the Best Protected Offer; and

(C) Negotiated Trades may trade in increments less than \$0.05.

Paragraph (e)(1)–(e)(3) would set forth the requirements for Pilot Securities in Test Group Three. Member

organizations quoting or trading such Pilot Securities would be subject to all of the same quoting and trading requirements as described above for Pilot Securities in Test Group Two, including the quoting and trading exceptions applicable to Test Group Two Pilot Securities. In addition, proposed Paragraph (e)(4) would provide for an additional prohibition on Pilot Securities in Test Group Three referred to as the “Trade-at Prohibition.”<sup>25</sup> Paragraph (e)(4)(B) would provide that, absent one of the listed exceptions in proposed Rule 67(e)(4)(C) enumerated below, no member organization may execute a sell order for a Pilot Security in Test Group Three at the price of a Protected Bid or execute a buy order for a Pilot Security in Test Group Three at the price of a Protected Offer.

Proposed Rule 67(e)(4)(C) would allow member organizations to execute a sell order for a Pilot Security in Test Group Three at the price of a Protected Bid or execute a buy order for a Pilot Security in Test Group Three at the price of a Protected Offer if any of the following circumstances exist:

(A) The order is executed by a Trading Center within a member organization that has a displayed quotation for the account of that Trading Center on a principal basis, via either a processor or an SRO Quotation Feed,<sup>26</sup> at a price equal to the traded-at Protected Quotation, that was displayed before the order was received,<sup>27</sup> but only up to the full displayed size of the Trading Center’s previously displayed quote;

(B) The order consists of odd lot orders and odd lot portions of partial round lot (“PRL”) orders that are displayed on an SRO Quotation Feed, at a price equal to the traded-at Protected

<sup>25</sup> Proposed Rule 67(e)(4)(A) would define the “Trade-at Prohibition” to mean the prohibition against executions by a Trading Center of a sell order for a Pilot Security at the price of a Protected Bid or the execution of a buy order for a Pilot Security at the price of a Protected Offer during regular trading hours.

<sup>26</sup> By requiring the displayed quotation to be for the account of “that Trading Center,” the Trading Center cannot rely on any quotations it may put up on an agency basis, including a riskless principal basis. A Trading Center that is a broker-dealer also cannot rely on any quotation that is not a displayed quotation for its own account, such as the quotation of another broker-dealer, or customer of such broker-dealer.

<sup>27</sup> The Exchange is proposing to adopt this limitation to ensure that a Trading Center does not display a quotation after the time of order receipt solely for the purpose of trading at the price of a protected quotation without routing to that protected quotation.

<sup>21</sup> The Exchange is still evaluating its internal policies and procedures to ensure compliance with the Plan, and plans to separately propose rules that would address violations of the Plan.

<sup>22</sup> In order to provide for such treatment, the Exchange, on behalf of all Participants under the Plan, also plans to file a request for exemption under Rule 608(e) of Regulation NMS from the Plan.

<sup>23</sup> A Retail Price Improvement Order consists of non-displayed interest in NYSE-listed securities that is priced better than the Best Protected Bid or Best Protected Offer, as such terms are defined in Regulation NMS Rule 600(b)(57), by at least \$0.001 and that is identified as such. See NYSE Rule 107C(a)(4).

<sup>24</sup> Rule 62.10 describes the minimum price variation for quoting and entry of orders in equity securities admitted to dealings on the Exchange.

Quotation, but only up to the size of the displayed quotation;<sup>28</sup>

(C) The order is of Block Size<sup>29</sup> at the time of origin and may not be:

- (i) An aggregation of non-block orders;
- (ii) broken into orders smaller than Block Size prior to submitting the order to a Trading Center for execution; or
- (iii) executed on multiple Trading Centers;<sup>30</sup>

(D) The order is a Retail Investor Order executed with at least \$0.005 price improvement;

(E) The order is executed when the Trading Center displaying the Protected Quotation that was traded at was experiencing a failure, material delay, or malfunction of its systems or equipment;

(F) The order is executed as part of a transaction that was not a "regular way" contract;

(G) The order is executed as part of a single-priced opening, reopening, or closing transaction on the Exchange;

(H) The order is executed when a Protected Bid was priced higher than a Protected Offer in the Pilot Security in Test Group Three;

(I) The order is identified as a Trade-at Intermarket Sweep Order;

(J) The order is executed by a Trading Center that simultaneously routed Trade-at Intermarket Sweep Orders to execute against the full displayed size of the Protected Quotation that was traded at;

(K) The order is executed as part of a Negotiated Trade;

(L) The order is executed when the Trading Center displaying the Protected Quotation that was traded at had displayed, within one second prior to execution of the transaction that constituted the Trade-at, a Best Protected Bid or Best Protected Offer, as applicable, for the Pilot Security in Test Group Three with a price that was inferior to the price of the Trade-at transaction;

(M) The order is executed by a Trading Center which, at the time of order receipt, the Trading Center had guaranteed an execution at no worse than a specified price (a "stopped order"), where:

- (i) The stopped order was for the account of a customer;
  - (ii) The customer agreed to the specified price on an order-by-order basis; and
  - (iii) The price of the Trade-at transaction was, for a stopped buy order, equal to the National Best Bid in the Pilot Security in Test Group Three at the time of execution or, for a stopped sell order, equal to the National Best Offer in the Pilot Security in Test Group Three at the time of execution; or
- (N) The order is for a fractional share of a Pilot Security in Test Group Three, provided that such fractional share order was not the result of breaking an order for one or more whole shares of a Pilot Security in Test Group Three into orders for fractional shares or was not otherwise effected to evade the requirements of the Trade-at Prohibition or any other provisions of the Plan.

Finally, Proposed Rule 67(e)(4)(D) would prevent member organizations from breaking an order into smaller orders or otherwise effecting or executing an order to evade the requirements of the Trade-at Prohibition or any other provisions of the Plan.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>31</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>32</sup> in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. The Exchange believes that the proposed rule change is consistent with the Act because it ensures that the Exchange and its member organizations would be in

compliance with a Plan approved by the Commission pursuant to an order issued by the Commission in reliance on Section 11A of the Act.<sup>33</sup> Such approved Plan gives the Exchange authority to establish, maintain, and enforce written policies and procedures that are reasonably designed to comply with applicable quoting and trading requirements specified in the Plan. The Exchange believes that the proposed rule change is consistent with the authority granted to it by the Plan to establish specifications and procedures for the implementation and operation of the Plan that are consistent with the provisions of the Plan. Likewise, the Exchange believes that the proposed rule change provides interpretations of the Plan that are consistent with the Act, in general, and furthers the objectives of the Act, in particular.

Furthermore, the Exchange is a Participant under the Plan and subject, itself, to the provisions of the Plan. The proposed rule change ensures that the Exchange's systems would not display or execute trading interests outside the requirements specified in such Plan. The proposal would also help allow market participants to continue to trade NMS Stocks within quoting and trading requirements that are in compliance with the Plan, with certainty on how certain orders and trading interests would be treated. This, in turn, will help encourage market participants to continue to provide liquidity in the marketplace.

Because the Plan supports further examination and analysis on the impact of tick sizes on the trading and liquidity of the securities of small capitalization companies, and the Commission believes that altering tick sizes could result in significant market-wide benefits and improvements to liquidity and capital formation, adopting rules that enforce compliance by its member organizations with the provisions of the Plan would help promote liquidity in the marketplace and perfect the mechanism of a free and open market and national market system.

## 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. The proposed changes are being made to establish, maintain, and enforce written policies and procedures that are reasonably designed to comply with the trading and quoting requirements

<sup>28</sup> Proposed Supplementary Material .10 to Rule 67(e)(4)(C)(ii) would further provide that, for purposes of sub-paragraph (ii), a member organization is prohibited from breaking a round lot order or round lot portion of a PRL into odd lot orders to avoid the restrictions contained in this Rule.

<sup>29</sup> "Block Size" is defined in the Plan as an order (1) of at least 5,000 shares or (2) for a quantity of stock having a market value of at least \$100,000.

<sup>30</sup> Once a Block Size order or portion of such Block Size order is routed from one Trading Center to another Trading Center in compliance with Rule 611 of Regulation NMS, the Block Size order would lose the Trade-at exemption provided under proposed Rule 67(e)(4)(C)(C), unless the Block Size remaining after the first route and execution meets the Block Size definition under the Plan (See footnote 28). For example, if an exchange has a Protected Bid of 3,000 shares, with 2,000 shares in reserve, and receives a 5,000 share order to sell, the exchange would be able to execute the entire 5,000 share order without having to route to an away market at any other Protected Bid at the same price. If, however, that exchange only has 1,000 shares in reserve, the entire order would not be able to be executed on that exchange, and the exchange would only be able to execute 3,000 shares and route the rest to away markets at other Protected Bids at the same price, before executing the 1,000 shares in reserve. The same analysis would hold true at the next price point, if the size of the incoming order would exceed all available shares at the first price, and the remaining shares to be executed would be 5,000 shares or more.

<sup>31</sup> 15 U.S.C. 78f(b).

<sup>32</sup> 15 U.S.C. 78f(b)(5).

<sup>33</sup> 15 U.S.C. 78k-1.

specified in the Plan, of which other equities exchanges are also Participants. Other competing national securities exchanges are subject to the same trading and quoting requirements specified in the Plan. Therefore, the proposed changes would not impose any burden on competition, while providing certainty of treatment and execution of trading interests on the Exchange to market participants in NMS Stocks that are acting in compliance with the requirements specified in the Plan.

*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 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 the proposed rule change, or
- (B) institute proceedings to determine whether the proposed rule change should be disapproved.

**IV. Solicitation of Comments**

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

*Electronic Comments*

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NYSE-2015-46 on the subject line.

*Paper Comments*

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549-1090. All submissions should refer to File Number SR-NYSE-2015-46. 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 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing will also be available for inspection and copying 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-2015-46 and should be submitted on or before November 18, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>34</sup>

**Brent J. Fields,**

*Secretary.*

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**SECURITIES AND EXCHANGE COMMISSION**

**[Release No. 34-76231; File No. SR-BATS-2015-91]**

**Self-Regulatory Organizations; BATS Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Rule 20.6, Nullification and Adjustment of Options Transactions Including Obvious Errors**

October 22, 2015.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on October 20, 2015, BATS Exchange, Inc. (the "Exchange" or "BATS") filed with the Securities and Exchange Commission ("Commission") the proposed rule

change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange has designated this proposal as a "non-controversial" proposed rule change pursuant to Section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(6)(iii) thereunder,<sup>4</sup> which renders it effective upon filing with the Commission. 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 the Substance of the Proposed Rule Change**

The Exchange filed a proposal for the Exchange's equity options platform ("BATS Options") to extend the pilot program that suspends certain obvious error provisions of Rule 20.6 during limit up-limit down states in securities that underlie options traded on the Exchange.

The text of the proposed rule change is available at the Exchange's Web site at [www.batstrading.com](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**

Earlier this year, the Exchange adopted new Rule 20.6 related to the adjustment and nullification of transactions that occur on the Exchange's equity options platform ("BATS Options").<sup>5</sup> Interpretation and Policy .01 to Rule 20.6 is designed to address certain issues related to the Plan to Address Extraordinary Market Volatility Pursuant to Rule 608 of

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

<sup>4</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>5</sup> See Securities Exchange Act Release No. 74556 (March 20, 2015), 80 FR 16031 (March 26, 2015) (SR-BATS-2014-067).

<sup>34</sup> 17 CFR 200.30-3(a)(12).

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

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