

expiration dates (12 per year) rather than just triple options expiration dates (four per year). As a result of this change, NSCC states that more periods of increased activity would be excluded by NSCC from the calculation of its Regular Activity Peak Liquidity Need, thereby reducing the Regular Activity Liquidity Obligations of Regular Activity Liquidity Providers.

NSCC states that participation in the Credit Facility is available to financial institutions that have the resources and operational capabilities to be lenders under the Credit Facility, subject to satisfaction of reasonable lender criteria. Although the Credit Facility was renewed on May 14, 2013 for an additional term of 364 days, NSCC states that there are mechanisms in the Credit Facility to increase the commitments of existing lenders and admit new lenders at any time during the term. Accordingly, NSCC states that at the time when the SLD Proposal becomes effective and before the time that any Member may have to satisfy a Regular Activity Liquidity Obligation, such Member would have an opportunity to either join the Credit Facility itself as a lender (if it has the authority to be a lender) or enter into arrangements with a bank to be its Designated Lender—in either case thereby reducing or eliminating the need for it to make a cash Regular Activity Supplemental Deposit to the Clearing Fund.

### 3. Impact on Competition

NSCC states that for the reasons stated above, it believes the changes that have been made to the Original SLD Proposal eliminate or substantially ameliorate the impact that the SLD Proposal might have on competition.

#### *(C) Clearing Agency's Statement on Comments on the Advance Notice Received from Members, Participants, or Others*

While written comments on the Advance Notice, as modified by Amendment No. 2, were not solicited, as noted above, NSCC engaged significant outreach and discussion with affected Members in developing the SLD Proposal.

Written comments on the Advance Notice, as amended, have been filed with the Commission and are available on the Commission's Web site. NSCC states that this Amendment No. 2 addresses some of the issues raised by those comments. NSCC's formal response to the written comments has been submitted separately to the Commission in accordance with the process for submitting comments.

### III. Date of Effectiveness of the Advance Notice and Timing for Commission Action

The clearing agency may implement the proposed change pursuant to Section 806(e)(1)(G) of the Clearing Supervision Act<sup>18</sup> if it has not received an objection to the proposed change within 60 days of the later of (i) the date that the Commission received the advance notice or (ii) the date the Commission receives any further information it requested for consideration of the notice. The clearing agency shall not implement the proposed change if the Commission has any objection to the proposed change.

The Commission may extend the period for review by an additional 60 days if the proposed change raises novel or complex issues, subject to the Commission providing the clearing agency with prompt written notice of the extension. A proposed change may be implemented in less than 60 days from the date of receipt of the advance notice, or the date the Commission receives any further information it requested, if the Commission notifies the clearing agency in writing that it does not object to the proposed change and authorizes the clearing agency to implement the proposed change on an earlier date, subject to any conditions imposed by the Commission. The clearing agency shall post notice on its Web site of proposed changes that are implemented.

The proposal shall not take effect until all regulatory actions required with respect to the proposal are completed.

### IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the Advance Notice, as amended, is consistent with the Clearing Supervision 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 No. SR-NSCC-2013-802 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 No. SR-NSCC-2013-802. 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 Advance Notice, as amended, that are filed with the Commission, and all written communications relating to the Advance Notice, as amended, 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 filings also will be available for inspection and copying at the principal office of NSCC and on NSCC's Web site at [http://dtcc.com/legal/rule\\_filings/nscc/2013.php](http://dtcc.com/legal/rule_filings/nscc/2013.php). 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 No. SR-NSCC-2013-802 and should be submitted on or before August 5, 2013.

By the Commission.

**Kevin M. O'Neill,**  
*Deputy Secretary.*

[FR Doc. 2013-16821 Filed 7-12-13; 8:45 am]

**BILLING CODE 8011-01-P**

## **SECURITIES AND EXCHANGE COMMISSION**

**[Release No. 34-69948; File No. SR-CBOE-2013-041]**

### **Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Order Approving a Proposed Rule Change, as Modified by Amendment Nos. 1 and 2, To Amend Rule 6.53(u), Relating to Qualified Contingent Cross Orders**

July 9, 2013.

#### **I. Introduction**

On March 28, 2013, the Chicago Board Options Exchange, Incorporated

<sup>18</sup> 12 U.S.C. 5465(e)(1)(G).

(“Exchange” or “CBOE”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to amend CBOE Rule 6.53(u) to allow Qualified Contingent Cross (“QCC”) Orders with more than one option leg to be entered in \$0.01 increments. The proposed rule change was published for comment in the **Federal Register** on April 16, 2013.<sup>3</sup> CBOE filed Amendment No. 1 to the proposal on April 18, 2013.<sup>4</sup> CBOE filed Amendment No. 2 to the proposal on May 29, 2013.<sup>5</sup> On June 5, 2013, the Commission published notice of and solicited comment on the proposed rule change, as modified by Amendment Nos. 1 and 2, and extended the time period for Commission action on the proposal to July 15, 2013.<sup>6</sup> The Commission received no comments regarding the proposal, as amended.

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

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

<sup>3</sup> See Securities Exchange Act Release No. 69360 (April 10, 2013), 78 FR 22591.

<sup>4</sup> In Amendment No. 1, CBOE added an additional paragraph at the end of the purpose section stating that: (1) A QCC Order with multiple legs is a form of a complex order and should be able to be entered in \$0.01 increments, as non-QCC complex orders can currently be entered in \$0.01 increments; and (2) such orders still cannot trade unless they are at or between the NBBO and the opportunity to trade QCC Orders with multiple legs in \$0.01 increments provides an opportunity for price improvement at this smaller increment level. The paragraph added in Amendment No. 1 was deleted and replaced by language added in Amendment No. 2. See note 5 *infra*.

<sup>5</sup> In Amendment No. 2, CBOE replaced the paragraph added by Amendment No. 1 with two paragraphs at the end of the purpose section stating that: (1) Were it not for language in CBOE Rule 6.53(u) that limits the entry of QCC Orders to the standard increments applicable to simple orders in the options class of each leg, QCC Orders with multiple legs would be allowed to be traded in \$0.01 increments under CBOE Rule 6.42; (2) the nature of the pricing of a complex order, whether a QCC Order or otherwise, is such that the pricing is based on the relative price of one option versus another and thus the standard increment of trading of a complex order's individual options legs is less relevant to the pricing of the complex order; (3) the proposed amendment to permit QCC Orders with more than one option leg to be entered in the increments specified for complex orders under CBOE Rule 6.42 (*i.e.*, \$0.01 increments) would put the trading of QCC Orders with multiple legs on the same footing as the trading of other types of complex orders; (4) pursuant to CBOE Rule 6.53(u)(ii), each options leg of a complex QCC Order cannot trade unless each leg provides price improvement over a public customer order resting in the electronic book and is at or between the NBBO, and to date, CBOE has never had to reject a submitted complex QCC Order because it would have violated either of these principles; and (5) permitting the trading of QCC Orders with multiple legs in \$0.01 increments would provide an opportunity for price improvement at this smaller increment level.

<sup>6</sup> See Securities Exchange Act Release No. 69675 (May 30, 2013), 78 FR 33868.

This order approves the proposed rule change, as modified by Amendment Nos. 1 and 2.

## II. Description of the Proposal

Currently, CBOE Rule 6.53(u) states that QCC Orders may only be entered in the standard increments applicable to simple orders in the options class under CBOE Rule 6.42.<sup>7</sup> CBOE Rule 6.42 provides trading increments of \$0.01, \$0.05, or \$0.10 for individual option series, and orders to buy or sell a single option series must be entered in the trading increment applicable to the series. CBOE Rule 6.42(4) allows bids and offers on complex orders to be expressed in any increment, regardless of the minimum increment otherwise applicable to the individual legs of the complex order. CBOE proposes to amend CBOE Rule 6.53(u) to permit QCC orders with more than one option leg to be entered in the increments specified for complex orders under CBOE Rule 6.42, *i.e.*, \$0.01 increments.<sup>8</sup>

CBOE believes that, because a QCC Order with multiple option legs is a form of complex order, these QCC Orders also should be permitted to be entered in \$0.01 increments, a change the Exchange states would place QCC Orders with multiple options legs on the same footing as other types of complex

<sup>7</sup> A QCC Order is an order to buy (or sell) at least 1,000 standard option contracts or 10,000 mini-option contracts that is identified as being part of a qualified contingent trade coupled with a contra-side order to sell (or buy) an equal number of contracts. A “qualified contingent trade,” or “QCT,” is a transaction consisting of two or more component orders, executed as agent or principal, where: (1) At least one component is an NMS stock, as defined in Rule 600 of Regulation NMS under the Act; (2) all components are effected with a product or price contingency that either has been agreed to by all the respective counterparties or arranged for by a broker-dealer as principal or agent; (3) the execution of one component is contingent upon the execution of all other components at or near the same time; (4) the specific relationship between the component orders (*e.g.*, the spread between the prices of the component orders) is determined by the time the contingent order is placed; (5) the component orders bear a derivative relationship to one another, represent different classes of shares of the same issuer, or involve the securities of participants in mergers or with intentions to merge that have been announced or cancelled; and (6) the transaction is fully hedged (without regard to any prior existing position) as a result of other components of the contingent trade. See CBOE Rule 6.53(u)(i). The six requirements are substantively identical to the six elements of a QCT under the Commission's QCT exemption. See Securities Exchange Act Release Nos. 54389 (August 31, 2006), 71 FR 52829 (September 7, 2006) (“Original QCT Exemption”) and 57620 (April 4, 2008), 73 FR 19271 (April 9, 2008) (“CBOE QCT Exemption”). The current QCT exemption (*i.e.*, as modified by the CBOE QCT Exemption) is referred to herein as the “NMS QCT Exemption.”

<sup>8</sup> QCC Orders with one option leg would continue to trade in the standard increment applicable to simple orders in the option class. See CBOE Rule 6.53(u).

orders.<sup>9</sup> CBOE states that the pricing of a complex order, whether or not it is a QCC Order, is based on the relative price of one option leg to another (as opposed to the outright price of a single option), and therefore that the standard increment of trading of the individual legs of a complex order is less relevant to the pricing of the complex order.<sup>10</sup> In addition, CBOE notes that, under CBOE Rule 6.53(u)(ii), each option leg of a complex QCC Order must: (1) Provide price improvement over a public customer order resting in the electronic book; and (2) be at or between the NBBO.<sup>11</sup> CBOE also states that it has never had to reject a complex QCC Order because it would have violated either of these principles.<sup>12</sup> Finally, CBOE believes that allowing QCC Orders with multiple options legs to be entered in \$0.01 increments will provide an opportunity for price improvement at a smaller increment level.<sup>13</sup>

## III. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule change, as modified by Amendment Nos. 1 and 2, is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange and, in particular, with Section 6(b) of the Act.<sup>14</sup> In particular, the Commission finds that the proposed rule change is consistent with Sections 6(b)(5)<sup>15</sup> and 6(b)(8),<sup>16</sup> which require, among other things, that the rules of a national securities exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, to remove impediments to and perfect the mechanism for a free and open market and a national market system, and, in general, to protect investors and the public interest, and that the rules of an exchange do not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. In addition, the Commission finds that the proposed rule change is consistent with Section 11A(a)(1)(C) of the Act,<sup>17</sup> in which Congress found that it is in the public

<sup>9</sup> See Amendment No. 2.

<sup>10</sup> See *id.*

<sup>11</sup> See *id.*

<sup>12</sup> See *id.*

<sup>13</sup> See *id.*

<sup>14</sup> 15 U.S.C. 78f(b). In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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

<sup>16</sup> 15 U.S.C. 78f(b)(8).

<sup>17</sup> 15 U.S.C. 78k-1(a)(1)(C).

interest and appropriate for the protection of investors and the maintenance of fair and orderly markets to assure, among other things, the economically efficient execution of securities transactions.

In 2011, the Commission approved CBOE's proposal to establish rules providing for the trading of QCC Orders on CBOE,<sup>18</sup> which followed the Commission's approval of a proposal by the International Stock Exchange, LLC ("ISE") to trade QCC Orders.<sup>19</sup> In the ISE Order, the Commission noted that the parties to a contingent trade are focused on the spread or ratio between the transaction prices for each of the component instruments (*i.e.*, the net price of the entire contingent trade), rather than the absolute price of any single component.<sup>20</sup> Under the requirements of the NMS QCT Exemption, the spread or ratio between the relevant instruments must be determined at the time the order is placed, and this spread or ratio stands regardless of the market prices of the individual orders at their time of execution.<sup>21</sup> As the Commission noted in the Original QCT Exemption, "the difficulty of maintaining a hedge, and the risk of falling out of hedge, could dissuade participants from engaging in contingent trades, or at least raise the cost of such trades."<sup>22</sup> Thus, the Commission found that, if each stock leg of a qualified contingent trade were required to meet the trade-through provisions of Rule 611 of Regulation NMS, such trades could become too risk and costly to be employed successfully and noted that the elimination or reduction of this trading strategy potentially could remove liquidity from the market.<sup>23</sup>

CBOE's QCC Orders allow a Trading Permit Holder to cross the options leg(s) of a qualified contingent trade in a Regulation NMS stock on CBOE immediately, without exposure, provided that the requirements of CBOE Rule 6.53(u) are satisfied. In approving CBOE's proposal, the Commission stated that QCC Orders could facilitate the execution of qualified contingent trades, which the Commission previously had found to be beneficial to the market as a whole by contributing to

the efficient functioning of the securities markets and the price discovery process.<sup>24</sup> The Commission noted that QCC Orders would provide assurance to parties to stock-option qualified contingent trades that their hedge would be maintained by allowing the options component of the qualified contingent trade to be executed as a clean cross.<sup>25</sup>

The CBOE QCC Approval Order stated further that, although the Commission believed that order exposure is generally beneficial to the options markets in that it provides an incentive to options market makers to provide liquidity and therefore plays an important role in ensuring competition and price discovery in the options markets, the Commission also has recognized that contingent trades can be "useful trading tools for investors and other market participants, particularly those who trade the securities of issuers involved in mergers, different classes of shares of the same issuers, convertible securities, and *equity derivatives such as options* [italics added],"<sup>26</sup> and that "[t]hose who engage in contingent trades can benefit the market as a whole by studying the relationships between prices of such securities and executing contingent trades when they believe such relationships are out of line with what they believe to be fair value."<sup>27</sup> Thus, the Commission believed that transactions that meet the specified requirements of the NMS QCT Exemption could be of benefit to the market as a whole, contributing to the efficient functioning of the securities markets and the price discovery process.<sup>28</sup>

In the CBOE QCC Approval Order, the Commission stated that the benefits provided by the exposure requirement and by qualified contingent trades, such as QCC Orders, required the Commission to weigh the relative merits of both for the options markets.<sup>29</sup> The Commission found that CBOE's rule, by requiring a QCC Order to be: (1) Part of a qualified contingent trade under Regulation NMS; (2) for at least 1,000 contracts; (3) executed at a price at or between the NBBO; and (4) cancelled if there is a public customer order on the electronic book, struck an appropriate balance for the options markets in that it was narrowly drawn and established a limited exception to the general

principle of exposure and retained the general principle of customer priority in the options markets.<sup>30</sup> The Commission noted, further, that the requirement that a QCC Order be part of a qualified contingent trade that satisfies each of the six underlying requirements of the NMS QCT Exemption, and the requirement that a QCC Order be for a minimum size of 1,000 contracts, further limited the use of QCC Orders by ensuring that only transactions of significant size would be able to avail themselves of the order type.<sup>31</sup>

The Commission believes that the analysis in the CBOE QCC Approval Order applies equally to the current proposal. By allowing QCC Orders with more than one option leg to trade in \$0.01 increments, rather than in the standard increment applicable to single leg orders in the options class, the proposal could facilitate the execution of QCC Orders with multiple option legs by providing additional price points at which these orders would be able to be executed, which, in turn, could facilitate the execution of qualified contingent trades. As discussed above, the Commission previously has found that transactions that meet the specified requirements of the NMS QCT Exemption could benefit the market as a whole by contributing to the efficient functioning of the securities markets and the price discovery process. Further, as discussed above, QCC Orders provide assurance to the parties to a stock-option qualified contingent trade that their hedge will be maintained by allowing the options component of the order to be executed as a clean cross. By allowing QCC Orders with multiple option legs to be executed in \$0.01 increments, the proposal could further facilitate the execution of the option component of a stock-option qualified contingent trade.

The Commission notes that CBOE Rule 6.53(u) will continue to require that QCC Orders, including those with

<sup>30</sup> See *id.*

<sup>31</sup> See CBOE QCC Approval Order at 35492-93. The CBOE QCC Approval Order also noted CBOE's representation that, to effect proprietary orders (including QCC Orders) electronically from on the floor of the Exchange, members must qualify for an exemption from Section 11(a)(1) of the Act, 15 U.S.C. 78k(a)(1), which concerns proprietary trading on an exchange by an exchange member. Among other things and as discussed in greater detail in the CBOE QCC Approval Order, CBOE recognized that Trading Permit Holders effecting QCC Orders and relying on the "G" exemption for yielding priority to non-members under Section 11(a)(1)(G) of the Act and Rule 11a1-1(T) thereunder would be required to yield priority to any interest, not just public customer orders, in the electronic book at the same price to ensure that non-member interest is protected. See CBOE QCC Approval Order at 35493.

<sup>18</sup> See Securities Exchange Act Release No. 64653 (June 13, 2011), 76 FR 35491 (June 17, 2011) (order approving CBOE-2011-041) ("CBOE QCC Approval Order").

<sup>19</sup> See Securities Exchange Act Release No. 63955 (February 24, 2011), 76 FR 11533 (March 2, 2011) (order approving ISE-2010-73) ("ISE Order").

<sup>20</sup> See ISE Order at 11540.

<sup>21</sup> See *id.* See also *supra* note 7.

<sup>22</sup> See Original QCT Exemption at 52831.

<sup>23</sup> See *id.*

<sup>24</sup> See CBOE QCC Approval Order at 35492, citing Original QCT Exemption, *supra* note 7.

<sup>25</sup> See CBOE QCC Approval Order at 35492.

<sup>26</sup> See CBOE QCC Approval Order at 35492, citing Original QCT Exemption at 52830-31.

<sup>27</sup> See *id.*

<sup>28</sup> See CBOE QCC Approval Order at 35492, citing CBOE QCT Exemption at 19273.

<sup>29</sup> See CBOE QCC Approval Order at 35492.

multiple option legs, be: (1) Part of a qualified contingent trade under Regulation NMS; (2) for at least 1,000 standard option contracts;<sup>32</sup> (3) executed at a price at or between the NBBO; and (4) cancelled if there is a public customer order at the same price resting on the electronic book. Thus, the Commission believes that the proposal continues to strike an appropriate balance for the options market in that it is narrowly drawn and in that it establishes a limited exception to the general principle of exposure and retains the general principle of customer priority in the options markets.<sup>33</sup>

For the foregoing reasons, the Commission finds that the proposed rule change is consistent with Section 6(b)(5)<sup>34</sup> and 6(b)(8)<sup>35</sup> of the Act. Further, the Commission finds that the proposed rule change is consistent with Section 11A(a)(1)(C) of the Act.<sup>36</sup>

#### IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,<sup>37</sup> that the proposed rule change (SR-CBOE-2013-041), as modified by Amendment Nos. 1 and 2, is approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>38</sup>

**Kevin M. O'Neill,**  
Deputy Secretary.

[FR Doc. 2013-16818 Filed 7-12-13; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-69952; File No. SR-NYSEMKT-2013-61]

### Self-Regulatory Organizations; NYSE MKT LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending NYSE MKT Rules 504 and 509—Equities With Respect to DMM Quoting Requirements Applicable to Nasdaq Stock Market Securities Traded on the Exchange Pursuant to A Grant of Unlisted Trading Privileges

July 9, 2013.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup>

<sup>32</sup> For mini-option contracts, the minimum size is 10,000 contracts. See CBOE Rule 6.53(u).

<sup>33</sup> See CBOE QCC Approval Order at 35492.

<sup>34</sup> 15 U.S.C. 78f(b)(5).

<sup>35</sup> 15 U.S.C. 78f(b)(8).

<sup>36</sup> 15 U.S.C. 78k-1(a)(1)(C).

<sup>37</sup> 15 U.S.C. 78s(b)(2).

<sup>38</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.

notice is hereby given that, on June 26, 2013, NYSE MKT LLC (the “Exchange” or “NYSE MKT”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

#### I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend NYSE MKT Rules 504 and 509—Equities with respect to DMM quoting requirements applicable to Nasdaq Stock Market (“Nasdaq”) securities traded on the Exchange pursuant to a grant of unlisted trading privileges. 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 Statutory Basis for, the Proposed Rule Change

###### 1. Purpose

The Exchange proposes to amend NYSE MKT Rules 504 and 509—Equities with respect to DMM quoting requirements applicable to Nasdaq securities traded on the Exchange pursuant to a grant of unlisted trading privileges. NYSE MKT Rules 500–525—Equities, as a pilot program, govern the trading of any Nasdaq-listed security on the Exchange pursuant to unlisted trading privileges (“UTP Pilot Program”).<sup>3</sup> The UTP Pilot Program

<sup>3</sup> The UTP Pilot Program is currently scheduled to expire on the earlier of Commission approval to make such pilot permanent or January 31, 2014. See Securities Exchange Act Release No. 69814 (June 20, 2013) (SR-NYSEMKT-2013-53) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending NYSE MKT Rule 500—

includes any security listed on Nasdaq that (i) is designated as an “eligible security” under the Joint Self-Regulatory Organization Plan Governing the Collection, Consolidation and Dissemination of Quotation and Transaction Information for Nasdaq-Listed Securities Traded on Exchanges on an Unlisted Trading Privilege Basis, as amended (“UTP Plan”),<sup>4</sup> and (ii) has been admitted to dealings on the Exchange pursuant to a grant of unlisted trading privileges in accordance with Section 12(f) of the Act<sup>5</sup> (collectively, “Nasdaq Securities”).<sup>6</sup>

Designated Market Maker units (“DMM units”)<sup>7</sup> registered in one or more Nasdaq Securities must comply with all “DMM rules,” as defined in NYSE MKT Rule 98—Equities,<sup>8</sup> and the

Equities to Extend the Operation of the Pilot Program that Allows Nasdaq Stock Market (“Nasdaq”) Securities to be Traded on the Exchange Pursuant to a Grant of Unlisted Trading Privileges). See also Securities Exchange Act Release No. 62479 (July 9, 2010), 75 FR 41264 (July 15, 2010) (SR-NYSEAmex-2010-31). See also Securities Exchange Act Release Nos. 62857 (September 7, 2010), 75 FR 55837 (September 14, 2010) (SR-NYSEAmex-2010-89); 63601 (December 22, 2010), 75 FR 82117 (December 29, 2010) (SR-NYSEAmex-2010-124); 64746 (June 24, 2011), 76 FR 38446 (June 30, 2011) (SR-NYSEAmex-2011-45); 66040 (December 23, 2011), 76 FR 82324 (December 30, 2011) (SR-NYSEAmex-2011-104); 67497 (July 25, 2012), 77 FR 45404 (July 31, 2012) (SR-NYSEMKT-2012-25); and 68561 (January 2, 2013), 78 FR 1290 (January 8, 2013) (SR-NYSEMKT-2012-86).

<sup>4</sup> See Securities Exchange Act Release No. 58863 (October 27, 2008), 73 FR 65417 (November 3, 2008) (File No. S7-24-89). The Exchange’s predecessor, the American Stock Exchange LLC, joined the UTP Plan in 2001. See Securities Exchange Act Release No. 55647 (April 19, 2007), 72 FR 20891 (April 26, 2007) (S7-24-89). In March 2009, the Exchange changed its name to NYSE Amex LLC, and in May 2012, the Exchange subsequently changed its name to NYSE MKT LLC. See Securities Exchange Act Release Nos. 59575 (March 13, 2009), 74 FR 11803 (March 19, 2009) (SR-NYSEALTR-2009-24) and 67037 (May 21, 2012), 77 FR 31415 (May 25, 2012) (SR-NYSE Amex-2012-32).

<sup>5</sup> 15 U.S.C. 781.

<sup>6</sup> “Nasdaq Securities” is included within the definition of “security” as that term is used in the NYSE MKT Rules—Equities. See NYSE MKT Rule 3—Equities. In accordance with this definition, Nasdaq Securities are admitted to dealings on the Exchange on an “issued,” “when issued,” or “when distributed” basis. See NYSE MKT Rule 501—Equities.

<sup>7</sup> See NYSE MKT Rule 103—Equities—Registration and Capital Requirements of DMMs and DMM Units. “DMM unit” means any member organization, aggregation unit within a member organization, or division or department within an integrated proprietary aggregation unit of a member organization that (i) has been approved by NYSE Regulation pursuant to section (c) of this Rule 103, (ii) is eligible for allocations under NYSE MKT Rule 103B—Equities as a DMM unit in a security listed or traded on the Exchange, and (iii) has met all registration and qualification requirements for DMM units assigned to such unit. See NYSE MKT Rule 98(b)(2)—Equities.

<sup>8</sup> “DMM rules” means any rules that govern DMM conduct or trading. See NYSE MKT Rule 98(b)(5)—Equities.