

III. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act, particularly those set forth in Section 17A,²² and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,²³ that the proposed rule change (File No. SR-FICC-2013-05) be, and hereby is, approved.²⁴

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁵

Elizabeth M. Murphy,

Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-69975; File No. SR-NYSE-2013-45]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending its Price List To Change the Monthly Fees For the Use of Certain Ports

July 11, 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 June 28, 2013, New York Stock Exchange LLC (the “Exchange” or “NYSE”) 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 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 its Price List to change the monthly fees for

cancellation” to the locked-in trade source. *See id.*; *see also* GSD Rulebook, Rule 1, p.19. Thus, only trueEX may modify or cancel a trade in response to a DK Notice. *See* GSD Rulebook Rule 6C, Section 10.

²² 15 U.S.C. 78q-1.

²³ 15 U.S.C. 78s(b)(2).

²⁴ In approving the proposed rule change, the Commission considered the proposal’s impact on efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

²⁵ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

the use of certain ports. The Exchange proposes to implement the fee changes on July 1, 2013. 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 its Price List to change the monthly fees for the use of certain ports.³ The Exchange proposes to implement the fee changes on July 1, 2013.⁴

The Exchange currently makes ports available that provide connectivity to the Exchange’s trading systems (i.e., ports for entry of orders and/or quotes (“order/quote entry ports”)) and charges \$200 per port per month.⁵ The Exchange

³ The Exchange has a Common Customer Gateway (“CCG”) that accesses the equity trading systems that it shares with its affiliates, NYSE MKT LLC (“NYSE MKT”) and NYSE Arca, Inc. (“NYSE Arca”), and all ports connect to the CCG. *See, e.g.*, Securities Exchange Act Release No. 64542 (May 25, 2011), 76 FR 31659 (June 1, 2011) (SR-NYSE-2011-13). All NYSE member organizations are also NYSE MKT member organizations and, accordingly, a member organization utilizes its ports for activity on both NYSE and/or NYSE MKT and is charged port fees based on the total number of ports connected to the CCG, whether the ports are used to quote and trade on NYSE, NYSE MKT, and/or both, because those trading systems are integrated. The NYSE Arca trading platform is not integrated in the same manner. Therefore, it does not share its ports with NYSE or NYSE MKT.

⁴ The Exchange notes that billing for ports is based on the number of ports on the third business day prior to the end of the month. In addition, the level of activity with respect to a particular port does not affect the assessment of monthly fees, such that, except for ports that are not charged, even if a particular port is not used, a port fee still applies.

⁵ The Price List provides that (i) users of the Exchange’s Risk Management Gateway service (“RMG”) are not charged for order/quote entry ports if such ports are designated as being used for RMG purposes, and (ii) Designated Market Makers (“DMMs”) are not charged for order/quote entry

proposes that the \$200 fee per port per month would apply to users with five or fewer order/quote entry ports and that the fee for users with more than five order/quote entry ports would be \$500 per port per month, including for the first five ports.⁶ The Exchange is proposing this change in order to permit the Exchange to offset, in part, its infrastructure costs associated with making such ports available. The proposed change would also encourage users to become more efficient with, and reduce the number of, their order/quote ports, thereby resulting in a corresponding increase in the efficiency that the Exchange would be able to realize with respect to managing its own infrastructure. In this regard, as users decrease the number of order/quote ports that they utilize, the Exchange would similarly be able to decrease the amount of its hardware that it is required to support to interface [sic] with such ports.

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

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

ports that connect to the Exchange via the DMM Gateway. *See* Securities Exchange Act Release No. 68229 (November 14, 2012), 77 FR 69688 (November 20, 2012) (SR-NYSE-2012-60). Two methods are available to DMMs to connect to the Exchange: DMM Gateway and CCG. The two methods are quite distinct, however. Only DMMs may utilize the DMM Gateway, and they may only use DMM Gateway when acting in their capacity as a DMM. DMMs are required to use the DMM Gateway for certain DMM-specific functions that relate to the DMM’s role on the Exchange and the obligations attendant therewith, which are not applicable to other market participants on the Exchange. By contrast, non-DMMs as well as DMMs may use the CCG, use of the CCG by a DMM is optional, and a DMM that connects to the Exchange via CCG can use the relevant order/quote entry port for orders and quotes both in its capacity as a DMM and for orders and quotes in other securities. Accordingly, because DMMs are required to utilize DMM Gateway, but not CCG, to be able to fulfill their functions as DMMs, DMMs are not charged for order/quote entry ports that connect to the Exchange via the DMM Gateway, but DMMs, like other market participants, are charged for order/quote entry ports that connect to the Exchange via the CCG. DMMs can elect to use the DMM Gateway, the CCG, or both for their connectivity to the Exchange. However, the DMM Gateway must be used for certain DMM-specific functions that relate to the DMM’s role on the Exchange and the obligations attendant therewith.

⁶ For example, a user with five ports would be charged \$200 per port per month for a total of \$1,000 per month for all five ports. A user with six ports would be charged \$500 per port per month, including for the first five ports, for a total of \$3,000 per month for all six ports.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,⁷ in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,⁸ 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 change to the monthly rates is reasonable because the fees charged for order/quote entry ports are expected to permit the Exchange to offset, in part, its infrastructure costs associated with making such ports available, including costs based on gateway software and hardware enhancements and resources dedicated to gateway development, quality assurance, and support. In this regard, the Exchange believes that the proposed fees are competitive with those charged by other exchanges.⁹ The proposed change is also reasonable because the proposed per port rates would encourage users to become more efficient with, and reduce the number of, ports used for order/quote entry, thereby resulting in a corresponding increase in the efficiency that the Exchange would be able to realize with respect to managing its own infrastructure.

The Exchange also believes that these changes to the fees are equitable and not unfairly discriminatory because they would apply to all users of order/quote entry ports on the Exchange, subject to the exceptions noted above.¹⁰ The Exchange also believes that it is equitable and not unfairly discriminatory to charge a higher fee to users with more than five order/quote entry ports, as compared to users with five or fewer order/quote entry ports, because the Exchange believes that users with more than five order/quote entry ports would be incentivized to become more efficient with their utilization of ports.¹¹

The Exchange has considered multiple factors in proposing the tiered approach to order/quote entry port pricing, including that the fee increase would occur once a user has more than five order/quote entry ports. The Exchange believes that this approach to pricing is equitable and not unfairly discriminatory, including for the following reasons. Specifically, the Exchange believes that there is a correlation between the number of order/quote entry ports utilized by users and the level of trading volume sent to the Exchange by such users, such that a user with significant trading activity sent to the Exchange likely utilizes a greater number of order/quote entry ports than a user with minimal trading activity sent to the Exchange. However, despite this correlation, and regardless of the amount of activity a user sends to the Exchange via its order/quote entry ports, or the size of the firm, every user that connects its systems to the Exchange's trading systems requires at least one port for order/quote entry. Many users also maintain a certain number of additional order/quote entry ports for redundancy and/or hardware configuration purposes. These users have a limited opportunity to become more efficient with their use of ports. Accordingly, the Exchange believes that five is a reasonable number of ports that would permit a user that sends a lesser amount of trading activity to the Exchange to manage its ports in such a way that it could sufficiently address these redundancy and configuration concerns without crossing the threshold for which higher fees apply.

In this regard, the Exchange anticipates that, as a result of the proposed increase of the order/quote entry port fee under the tiered structure, users would become more efficient with their utilization of order/quote entry ports and would decrease the number of order/quote entry ports so as to qualify for the \$200 rate per port. Such a decrease in order/quote entry port use would result in a corresponding decrease in the infrastructure that the Exchange is required to support for connectivity to its trading systems and a decrease in the costs related thereto.

For the reasons above, 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,¹² 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. Instead, the Exchange believes that the proposed change will permit the Exchange to set fees for ports that are competitive with those charged by other exchanges.¹³ Moreover, the Exchange believes that charging different rates for users with five or fewer order/quote entry ports as compared to users with more than five ports would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act because the Exchange believes that a reduction in the number of order/quote entry ports would result in a decrease in the infrastructure that the Exchange is required to support for connectivity to its trading systems. This would also provide incentive for users to become more efficient with their use of ports and could therefore result in such users becoming more competitive due to decreased costs. In this regard, the Exchange notes that at least one of the Exchange's competitors charges different rates depending on the number of ports utilized.¹⁴

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. In such an environment, the Exchange must continually review, and consider adjusting, its fees and credits to remain competitive with other exchanges. For the reasons described above, the Exchange believes that the proposed rule change reflects this competitive 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

The foregoing rule change is effective upon filing pursuant to Section 19(b)(3)(A)¹⁵ of the Act and subparagraph (f)(2) of Rule 19b-4¹⁶ 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

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(4) and (5).

⁹ For example, the charge on the NASDAQ Stock Market LLC ("NASDAQ") for a FIX Trading Port is \$500 per port per month. See Nasdaq Rule 7015. A separate charge for Pre-Trade Risk Management ports also is applicable, which ranges from \$400 to \$600 and is capped at \$25,000 per firm per month. See Nasdaq Rule 7016. EDGA Exchange, Inc. ("EDGA") and EDGX Exchange, Inc. ("EDGX") also each charge \$500 per port per month.

¹⁰ See *supra* note 5.

¹¹ The Exchange also notes that at least one of its competitors charges different rates depending on the number of ports utilized. Specifically, EDGA and EDGX each provide the first five ports for free.

¹² 15 U.S.C. 78f(b)(8).

¹³ See *supra* note 9.

¹⁴ See *supra* note 11.

¹⁵ 15 U.S.C. 78s(b)(3)(A).

¹⁶ 17 CFR 240.19b-4(f)(2).

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)¹⁷ 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. Please include File Number SR-NYSE-2013-45 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-NYSE-2013-45. 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-NYSE-2013-45 and should be submitted on or before August 7, 2013.

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

Elizabeth M. Murphy,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-69970; File No. SR-NYSE-2013-47]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending Section 312.07 of the Listed Company Manual To Remove the 50% Quorum Requirement and Add Certain Clarifying Language

July 11, 2013.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that on June 28, 2013, 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 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 Section 312.07 of the Listed Company Manual (the "Manual") to remove the requirement that the total vote cast on any proposal requiring shareholder approval under NYSE rules must represent over 50% in interest of all securities entitled to vote on the proposal.

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.

¹⁸ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 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 Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend Section 312.07 of the Manual to remove the requirement that the total vote cast on any proposal requiring shareholder approval under NYSE rules must represent over 50% in interest of all securities entitled to vote on the proposal.³

Section 312.07 establishes voting requirements for any shareholder meeting proposal where shareholder approval of that proposal is a prerequisite to the listing of any additional or new securities.⁴ The rule requires approval by a majority of votes cast on any such proposal, subject to a quorum requirement that the total vote cast on the proposal must represent over 50% in interest of all securities entitled to vote on the proposal.⁵

The Exchange notes that listed companies are subject to quorum requirements under the laws of their states of incorporation.⁶ In addition, the

³ The Commission notes that the Exchange has also proposed to amend Section 312.07 to add "or where any matter requires shareholder approval" to the rule text.

⁴ Section 312.03 of the Manual requires shareholder approval of the sale or transfer by the listed company of shares of common stock or securities convertible into or exercisable for common stock where the size of the issuance exceeds thresholds established in the rule or would result in a change of control. Section 303A.08 requires shareholder approval of equity compensation plans and material amendments thereto.

⁵ Section 306.00 of the Manual provides that listed companies may use written consents in lieu of a special meeting to the extent permitted by applicable state and federal law and rules (including interpretations thereof), including, without limitation, Regulations 14A and 14C under the Act.

⁶ For example, Delaware allows companies to establish their own quorum requirements in their certificates of incorporation or bylaws, provided

¹⁷ 15 U.S.C. 78s(b)(2)(B).