

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="22"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2012"/> - * <input type="text" value="37"/> Amendment No. (req. for Amendments *) <input type="text"/>
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Proposed Rule Change by NYSE MKT LLC.
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>			
			Rule					
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="text"/>	Date Expires * <input type="text"/>	19b-4(f)(1) <input type="checkbox"/>	19b-4(f)(2) <input type="checkbox"/>	19b-4(f)(3) <input type="checkbox"/>	19b-4(f)(4) <input type="checkbox"/>	19b-4(f)(5) <input type="checkbox"/>	19b-4(f)(6) <input checked="" type="checkbox"/>

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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Description
Provide a brief description of the proposed rule change (limit 250 characters, required when Initial is checked *).

Proposal to amend NYSE MKT Rules 103B IX Equities and 504 Equities to provide that a Designated Market Maker unit may trade at the same panel securities traded on the Exchange and or securities listed on the New York Stock Exchange LLC

Contact Information
Provide the name, telephone number and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the proposed rule change.

First Name * Last Name *
 Title *
 E-mail *
 Telephone * Fax

Signature
Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized officer.

Date
 By Corporate Secretary
 (Name *)
 (Title *)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information (required)

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change (required)

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

- (a) NYSE MKT LLC (“NYSE MKT” or the “Exchange”) proposes to amend NYSE MKT Rules 103B(IX) - Equities and 504 - Equities to provide that a Designated Market Maker (“DMM”) unit may trade at the same panel securities traded on the Exchange and/or securities listed on the New York Stock Exchange LLC (“NYSE”). The text of the proposed rule change is attached hereto as Exhibit 5 and is available on the Exchange’s website at www.nyse.com, at the Exchange’s principal office and at the Public Reference Room of the Securities and Exchange Commission (“SEC” or “Commission”).
- (b) The Exchange does not believe that the proposed rule change will have any direct effect, or any significant indirect effect, on any other Exchange rule in effect at the time of this filing.
- (c) Not applicable.

2. Procedures of the Self-Regulatory Organization

Senior management has approved the proposed rule change pursuant to authority delegated to it by the Board of Directors of the Exchange. No further action by the Board of Directors or the membership of the Exchange is required. Therefore, the Exchange’s internal procedures with respect to the proposed rule change are complete.

The persons on the Exchange staff prepared to respond to questions and comments on the proposed rule changes are:

Clare F. Saperstein
Vice President
NYSE Regulation, Inc.
(212) 656-2355

3. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

(a) Purpose

The Exchange proposes to amend NYSE MKT Rules 103B- Equities (“Rule 103B”) and 504 - Equities (“Rule 504”) to provide that a DMM unit may trade at the same panel securities traded at the Exchange and/or securities listed on the NYSE.

Background

Rule 103B(IX) currently provides that securities listed on the Exchange or admitted to dealings on the Exchange pursuant to a grant of unlisted trading privileges, i.e., Nasdaq Securities,¹ (collectively, “Exchange-traded securities”) shall be assigned for trading only at panels exclusively designated for trading securities on the Exchange. The rule further provides that “DMM units may only trade securities listed on the Exchange or admitted to dealings on the Exchange pursuant to a grant of unlisted trading privileges at panels exclusively designated for trading securities on the Exchange.” In practice, this means that a DMM panel designated for trading in Exchange-traded securities may not also be assigned securities listed on the New York Stock Exchange, LLC (“NYSE”).² This rule was adopted in 2008, when the Exchange moved from the 86 Trinity Place location and trading systems to 11 Wall Street and the NYSE trading systems,³ and amended in 2010 when the Exchange began trading Nasdaq Securities.⁴ At the time, the Exchange proposed that Exchange-traded Securities be traded at separate panels designated for trading in NYSE securities to prevent any potential confusion between Exchange and NYSE rules.

Rule 504(b)(6) further provides that DMM units registered on both the Exchange and the NYSE must commit staff, including DMMs and clerks, for the trading of NYSE-listed securities separate from that for the trading of Exchange-listed securities and/or Nasdaq Securities. The rule further provides that “[i]ndividual DMMs and support staff will not be permitted to trade NYSE-listed securities together with Exchange-listed securities and/or Nasdaq Securities at the same time.” Rule 504(d) also provides that, in accordance with Rule 103B(IX), Nasdaq Securities shall be allocated for trading only at panels exclusively designated for trading Nasdaq Securities and/or securities listed on the Exchange.

As a result of these rule requirements, DMM units that are registered in both Exchange-traded securities and NYSE-listed securities must maintain separate panels and staff for NYSE-listed securities. In addition, Exchange DMM units must maintain separate panels and staff for Nasdaq Securities, separate from Exchange-listed securities.

¹ See Exchange Rule 501(c) - Equities.

² The restriction on trading Exchange-traded securities and NYSE-listed securities at the same panel is only in Exchange rules; NYSE rules do not have a counterpart.

³ See Securities Exchange Act Release No. 58705 (Oct 1, 2008), 73 FR 58995 (Oct. 8, 2008) (SR-Amex-2008-63).

⁴ See Securities Exchange Act Release No. 62479 (July 9, 2010), 75 FR 41264 (July 15, 2010) (SR-NYSEAmex-2010-31) (Amending Rule 103B to permit trading of Exchange-traded securities on posts throughout the Trading Floor).

Proposed Amendments

The Exchange proposes to eliminate the restrictions on a DMM unit trading Exchange-listed, Nasdaq Securities, and NYSE-listed securities at the same panel. To effect this change, the Exchange proposes to amend Rule 103B(IX) to provide that Exchange-traded securities may be assigned to panels that also trade NYSE-listed securities, delete Rule 504(b)(6), and amend Rule 504(d) to provide that Nasdaq Securities may be allocated to DMM units for trading at panels that also trade Exchange-listed and/or NYSE-listed securities.

The Exchange notes that even if Exchange-traded securities and NYSE-listed securities are assigned to a single panel, the Exchange will keep them on separate Display Book systems. To the extent the rules applicable to a security differ between the Exchange and NYSE, the separate Display Book systems will operate in accordance with the separate rules. In addition, the individual DMMs and clerks will be able to sign into ID Track simultaneously for both Exchange-traded and NYSE-listed securities so that the Exchange can continue to track which securities a DMM and Floor clerk is operating in for a particular day.⁵

The Exchange proposes these changes to reflect the changes in the trading environment, as compared to 2010, when Rule 504 was adopted and Rule 103B(IX) was last amended. In particular, the Exchange believes the changes are warranted because they reflect the changing landscape for DMM units. In 2010, when the rules relating to trading Nasdaq Securities were adopted, only one of the DMM units registered to trade on the Exchange was also registered to trade securities listed on the NYSE. Now, all DMM units registered to trade on the Exchange are also registered to trade securities listed on the NYSE. In addition, former NYSE-only DMM units are now all either registered, or in the process of registering, to trade Exchange-traded securities. Accordingly, all but one DMM units that operate on the Trading Floor are now dually-registered for Exchange-traded and NYSE-listed securities.

The Exchange notes that the rationale provided in 2010 to maintain separate panels was to reduce confusion between Exchange and NYSE rules. However, the Exchange believes that now that DMM units and Floor broker firms have had two years' experience managing Exchange-traded and NYSE-listed securities on the Trading Floor, the risk of confusion among trading rules has been obviated through experience. Accordingly, the stated need in 2010 to maintain separate panels is no longer necessary, and is outweighed by the inefficiencies in DMM unit operations that maintaining separate panels entails.

The Exchange further notes that the Exchange and NYSE already operate in an integrated manner on a single physical Trading Floor, and the proposed change is minimally incremental. For example, in 2008, when the Exchange moved to its

⁵ See Exchange Rule 103.11 – Equities.

current location, it adopted a rule that made clear that Exchange-traded equity securities would be traded on the systems and facilities of NYSE Market, Inc., which are located at 11 Wall Street and are the same systems and facilities where NYSE-listed securities trade.⁶ In recognition of the fact that the Exchange-traded and NYSE-listed securities would be trading on the same physical space, in 2008, the Exchange adopted Exchange Rule 2.10 - Equities, which provides that any registered broker dealer that is approved or deemed approved as a member organization of the NYSE shall be approved as an Exchange member organization. Similarly, pursuant to Exchange Rule 2.20 – Equities, all natural persons who were approved or deemed approved as a member of the NYSE, i.e., all NYSE DMMs and Floor brokers, were similarly deemed approved as members of the Exchange.⁷ Accordingly, as part of the move of the Exchange to the NYSE facilities, all Floor brokers and DMMs were approved as member organizations of both the Exchange and the NYSE. As a practical matter, this meant that Floor brokers were approved to operate from their Trading Floor booth premises to trade both Exchange-traded and NYSE-listed securities.

With respect to the physical location of DMM units assigned to Exchange-listed securities, the Exchange notes that in 2008, Exchange-listed securities were physically located at DMM posts in the “Garage” room of the Trading Floor. However, in 2010, when the Exchange adopted its pilot program to trade Nasdaq Securities, the Exchange further integrated Exchange-listed securities and Nasdaq Securities at DMM posts throughout the Trading Floor, which had the practical effect of moving Exchange-traded securities from the posts located in the Garage and having them assigned to posts in both the Main Room and the Garage, at panels that were contiguous with panels that traded NYSE-listed securities.⁸ The Exchange believes that the current proposal to permit Exchange-traded and NYSE-listed securities to trade at a single panel within a post is an incremental change from the existing physical integration between Exchange and NYSE trading that raises no new or novel regulatory issues.

(b) Statutory Basis

The Exchange believes that the proposed rule change is consistent with the

⁶ See Exchanges Rule 0(b) and 0-Equities. In addition, the Exchange’s Equities Trading Floor is defined as the physical locations commonly known as the “Main Room” and the “Garage”, which is the same definition of Trading Floor for the NYSE. See Exchange Rule 6A – Equities and NYSE Rule 6A.

⁷ NYSE adopted similar rules pursuant to which Exchange member organizations and members were deemed approved as NYSE member organizations and members. See NYSE Rules 2.10 and 2.20.

⁸ See *supra* footnote 4. In the approval order, the Commission noted that the integration of Exchange-traded and NYSE-listed securities trading at the same post was reasonable and consistent with the Act.

requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange. In particular, the Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁹ in general, and furthers the objectives of Section 6(b)(5) of the Act,¹⁰ in particular, because 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 proposal promotes just and equitable principles of trade because it will remove a restriction that is applicable only to DMM units. Off-Floor market makers, and Exchange supplemental liquidity providers, do not have similar restrictions, and may assign personnel to trade in equity securities regardless of the listing venue. The Exchange therefore believes that the proposed rule change would eliminate a restriction that places DMMs at a competitive disadvantage as compared to off-Floor market participants. The Exchange further believes that the proposed rule change removes impediments to and perfects the mechanism of a free and open market because it would eliminate rule-based requirements that impose unnecessary restrictions on DMM units that in today's market environment, serve only to force DMM units to operate in an inefficient manner, and at a competitive disadvantage to off-Floor market participants. Rather, the proposed rule change will perfect the mechanism of a free and open market by assuring that DMM units staff the securities registered with that DMM unit based on the needs of the market, rather than on artificial constraints imposed by rule.

Finally, the Exchange believes that the proposal to further integrate trading of Exchange-traded and NYSE-listed securities at a single panel of a DMM post is consistent with the Act because the Commission has already approved the existing integration to permit Exchange-traded and NYSE-listed securities to trade at the same DMM post. The Exchange believes that permitting the securities to trade at a single panel is an incremental change because currently, Exchange-traded and NYSE-listed securities can trade at contiguous panels at the same post. Therefore, the proposed change does not raise any new or novel regulatory issues.

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

The Exchange does not believe that the proposed rule changes will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(5).

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

The Exchange has neither solicited nor received written comments on the proposed rule changes.

6. Extension of Time Period for Commission Action

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

The proposed rule change is effective upon filing pursuant to Section 19(b)(3)(A) of the Act¹¹ and Rule 19b-4(f)(6) thereunder.¹²

The Exchange asserts that the proposed rule change (i) will not significantly affect the protection of investors or the public interest, (ii) will not impose any significant burden on competition, and (iii) by its terms, will not become operative for 30 days after the date of this filing, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest. Additionally, the Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of the filing, or such shorter time as designated by the Commission.

The Exchange believes that its proposal to eliminate the restrictions on assigning Exchange-listed, Nasdaq Securities, and NYSE-listed securities is non-controversial because it eliminates an inefficiency in Exchange rules that is no longer necessary in today's highly electronic trading market, as discussed in more detail above. The Exchange further notes that it will not significantly affect the protection of investors or the public interest because DMMs will continue to have independent obligations under Exchange and NYSE rules to maintain a fair and orderly market in the securities assigned to them. Accordingly, even if a DMM unit can have Exchange-traded and/or NYSE-listed securities assigned to a single panel, such allocation decisions will continue to take into consideration whether the DMM assigned to those securities can meet his or her affirmative obligations with respect to those securities. Moreover, DMM units continue to remain subject to Exchange Rule 35.40 – Equities, which requires DMM units to have an adequate number of approved employees to provide proper service during the trading day. Finally, the Exchange believes that the proposal is non-controversial because it represents an incremental change to the existing physical integration on the Trading Floor of Exchange-traded and NYSE-listed securities, which are

¹¹ 15 U.S.C. 78s(b)(3)(A).

¹² 17 CFR 240.19b-4(f)(6).

already approved to trade at a single DMM post, and does not raise any new or novel regulatory issues.

For the foregoing reasons, this rule filing qualifies for immediate effectiveness as a “non-controversial” rule change under paragraph (f)(6) of Rule 19b-4.¹³ 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.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

Not applicable.

9. Exhibits

Exhibit 1 – Form of Notice of Proposed Rule Change for Publication in the Federal Register

Exhibit 5 – Text of the Proposed Rule Change

¹³ 17 CFR 240.19b-4(f)(6).

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-NYSEMKT-2012-37)

[Date]

Self-Regulatory Organizations; NYSE MKT LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending NYSE MKT Rules 103B(IX) - Equities and 504 - Equities to Provide that a Designated Market Maker Unit May Trade at the Same Panel Securities Traded on the Exchange and/or Securities Listed on the New York Stock Exchange LLC

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (the “Act”)² and Rule 19b-4 thereunder,³ notice is hereby given that on August 22, 2012, NYSE MKT LLC (the “Exchange” or “NYSE MKT”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend NYSE MKT Rules 103B(IX) - Equities and 504 - Equities to provide that a Designated Market Maker (“DMM”) unit may trade at the same panel securities traded on the Exchange and/or securities listed on the New York Stock Exchange LLC (“NYSE”). The text of the proposed rule change is available on the Exchange’s website at www.nyse.com, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

¹ 15 U.S.C.78s(b)(1).

² 15 U.S.C. 78a.

³ 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 amend NYSE MKT Rules 103B- Equities (“Rule 103B”) and 504 - Equities (“Rule 504”) to provide that a DMM unit may trade at the same panel securities traded at the Exchange and/or securities listed on the NYSE.

Background

Rule 103B(IX) currently provides that securities listed on the Exchange or admitted to dealings on the Exchange pursuant to a grant of unlisted trading privileges, i.e., Nasdaq Securities,⁴ (collectively, “Exchange-traded securities”) shall be assigned for trading only at panels exclusively designated for trading securities on the Exchange. The rule further provides that “DMM units may only trade securities listed on the Exchange or admitted to dealings on the Exchange pursuant to a grant of unlisted trading privileges at panels exclusively designated for trading securities on the Exchange.” In practice, this means that a DMM panel designated for trading in Exchange-traded securities may not

⁴ See Exchange Rule 501(c) - Equities.

also be assigned securities listed on the New York Stock Exchange, LLC (“NYSE”).⁵ This rule was adopted in 2008, when the Exchange moved from the 86 Trinity Place location and trading systems to 11 Wall Street and the NYSE trading systems,⁶ and amended in 2010 when the Exchange began trading Nasdaq Securities.⁷ At the time, the Exchange proposed that Exchange-traded Securities be traded at separate panels designated for trading in NYSE securities to prevent any potential confusion between Exchange and NYSE rules.

Rule 504(b)(6) further provides that DMM units registered on both the Exchange and the NYSE must commit staff, including DMMs and clerks, for the trading of NYSE-listed securities separate from that for the trading of Exchange-listed securities and/or Nasdaq Securities. The rule further provides that “[i]ndividual DMMs and support staff will not be permitted to trade NYSE-listed securities together with Exchange-listed securities and/or Nasdaq Securities at the same time.” Rule 504(d) also provides that, in accordance with Rule 103B(IX), Nasdaq Securities shall be allocated for trading only at panels exclusively designated for trading Nasdaq Securities and/or securities listed on the Exchange.

As a result of these rule requirements, DMM units that are registered in both Exchange-traded securities and NYSE-listed securities must maintain separate panels and

⁵ The restriction on trading Exchange-traded securities and NYSE-listed securities at the same panel is only in Exchange rules; NYSE rules do not have a counterpart.

⁶ See Securities Exchange Act Release No. 58705 (Oct 1, 2008), 73 FR 58995 (Oct. 8, 2008) (SR-Amex-2008-63).

⁷ See Securities Exchange Act Release No. 62479 (July 9, 2010), 75 FR 41264 (July 15, 2010) (SR-NYSEAmex-2010-31) (Amending Rule 103B to permit trading of Exchange-traded securities on posts throughout the Trading Floor).

staff for NYSE-listed securities. In addition, Exchange DMM units must maintain separate panels and staff for Nasdaq Securities, separate from Exchange-listed securities.

Proposed Amendments

The Exchange proposes to eliminate the restrictions on a DMM unit trading Exchange-listed, Nasdaq Securities, and NYSE-listed securities at the same panel. To effect this change, the Exchange proposes to amend Rule 103B(IX) to provide that Exchange-traded securities may be assigned to panels that also trade NYSE-listed securities, delete Rule 504(b)(6), and amend Rule 504(d) to provide that Nasdaq Securities may be allocated to DMM units for trading at panels that also trade Exchange-listed and/or NYSE-listed securities.

The Exchange notes that even if Exchange-traded securities and NYSE-listed securities are assigned to a single panel, the Exchange will keep them on separate Display Book systems. To the extent the rules applicable to a security differ between the Exchange and NYSE, the separate Display Book systems will operate in accordance with the separate rules. In addition, the individual DMMs and clerks will be able to sign into ID Track simultaneously for both Exchange-traded and NYSE-listed securities so that the Exchange can continue to track which securities a DMM and Floor clerk is operating in for a particular day.⁸

The Exchange proposes these changes to reflect the changes in the trading environment, as compared to 2010, when Rule 504 was adopted and Rule 103B(IX) was last amended. In particular, the Exchange believes the changes are warranted because they reflect the changing landscape for DMM units. In 2010, when the rules relating to

⁸ See Exchange Rule 103.11 – Equities.

trading Nasdaq Securities were adopted, only one of the DMM units registered to trade on the Exchange was also registered to trade securities listed on the NYSE. Now, all DMM units registered to trade on the Exchange are also registered to trade securities listed on the NYSE. In addition, former NYSE-only DMM units are now all either registered, or in the process of registering, to trade Exchange-traded securities. Accordingly, all but one DMM units that operate on the Trading Floor are now dually-registered for Exchange-traded and NYSE-listed securities.

The Exchange notes that the rationale provided in 2010 to maintain separate panels was to reduce confusion between Exchange and NYSE rules. However, the Exchange believes that now that DMM units and Floor broker firms have had two years' experience managing Exchange-traded and NYSE-listed securities on the Trading Floor, the risk of confusion among trading rules has been obviated through experience. Accordingly, the stated need in 2010 to maintain separate panels is no longer necessary, and is outweighed by the inefficiencies in DMM unit operations that maintaining separate panels entails.

The Exchange further notes that the Exchange and NYSE already operate in an integrated manner on a single physical Trading Floor, and the proposed change is minimally incremental. For example, in 2008, when the Exchange moved to its current location, it adopted a rule that made clear that Exchange-traded equity securities would be traded on the systems and facilities of NYSE Market, Inc., which are located at 11 Wall Street and are the same systems and facilities where NYSE-listed securities trade.⁹

⁹ See Exchanges Rule 0(b) and 0-Equities. In addition, the Exchange's Equities Trading Floor is defined as the physical locations commonly known as the "Main Room" and the "Garage", which is the same definition of Trading Floor for the

In recognition of the fact that the Exchange-traded and NYSE-listed securities would be trading on the same physical space, in 2008, the Exchange adopted Exchange Rule 2.10 - Equities, which provides that any registered broker dealer that is approved or deemed approved as a member organization of the NYSE shall be approved as an Exchange member organization. Similarly, pursuant to Exchange Rule 2.20 – Equities, all natural persons who were approved or deemed approved as a member of the NYSE, i.e., all NYSE DMMs and Floor brokers, were similarly deemed approved as members of the Exchange.¹⁰ Accordingly, as part of the move of the Exchange to the NYSE facilities, all Floor brokers and DMMs were approved as member organizations of both the Exchange and the NYSE. As a practical matter, this meant that Floor brokers were approved to operate from their Trading Floor booth premises to trade both Exchange-traded and NYSE-listed securities.

With respect to the physical location of DMM units assigned to Exchange-listed securities, the Exchange notes that in 2008, Exchange-listed securities were physically located at DMM posts in the “Garage” room of the Trading Floor. However, in 2010, when the Exchange adopted its pilot program to trade Nasdaq Securities, the Exchange further integrated Exchange-listed securities and Nasdaq Securities at DMM posts throughout the Trading Floor, which had the practical effect of moving Exchange-traded securities from the posts located in the Garage and having them assigned to posts in both the Main Room and the Garage, at panels that were contiguous with panels that traded

NYSE. See Exchange Rule 6A – Equities and NYSE Rule 6A.

¹⁰ NYSE adopted similar rules pursuant to which Exchange member organizations and members were deemed approved as NYSE member organizations and members. See NYSE Rules 2.10 and 2.20.

NYSE-listed securities.¹¹ The Exchange believes that the current proposal to permit Exchange-traded and NYSE-listed securities to trade at a single panel within a post is an incremental change from the existing physical integration between Exchange and NYSE trading that raises no new or novel regulatory issues.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange. In particular, the Exchange believes that its proposal is consistent with Section 6(b) of the Act,¹² in general, and furthers the objectives of Section 6(b)(5) of the Act,¹³ in particular, because 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 proposal promotes just and equitable principles of trade because it will remove a restriction that is applicable only to DMM units. Off-Floor market makers, and Exchange supplemental liquidity providers, do not have similar restrictions, and may assign personnel to trade in equity securities regardless of the listing venue. The Exchange therefore believes that the proposed rule change would eliminate a restriction that places DMMs at a competitive disadvantage as compared to off-Floor market participants. The Exchange further believes that the proposed rule change

¹¹ See supra footnote 7. In the approval order, the Commission noted that the integration of Exchange-traded and NYSE-listed securities trading at the same post was reasonable and consistent with the Act.

¹² 15 U.S.C. 78f(b).

¹³ 15 U.S.C. 78f(b)(5).

removes impediments to and perfects the mechanism of a free and open market because it would eliminate rule-based requirements that impose unnecessary restrictions on DMM units that in today's market environment, serve only to force DMM units to operate in an inefficient manner, and at a competitive disadvantage to off-Floor market participants. Rather, the proposed rule change will perfect the mechanism of a free and open market by assuring that DMM units staff the securities registered with that DMM unit based on the needs of the market, rather than on artificial constraints imposed by rule.

Finally, the Exchange believes that the proposal to further integrate trading of Exchange-traded and NYSE-listed securities at a single panel of a DMM post is consistent with the Act because the Commission has already approved the existing integration to permit Exchange-traded and NYSE-listed securities to trade at the same DMM post. The Exchange believes that permitting the securities to trade at a single panel is an incremental change because currently, Exchange-traded and NYSE-listed securities can trade at contiguous panels at the same post. Therefore, the proposed change does not raise any new or novel regulatory issues.

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.

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 Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act¹⁴ and Rule 19b-4(f)(6) thereunder.¹⁵ Because the proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6)(iii) thereunder.

A proposed rule change filed under Rule 19b-4(f)(6)¹⁶ normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),¹⁷ the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest.

At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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

¹⁴ 15 U.S.C. 78s(b)(3)(A)(iii).

¹⁵ 17 CFR 240.19b-4(f)(6).

¹⁶ 17 CFR 240.19b-4(f)(6).

¹⁷ 17 CFR 240.19b-4(f)(6)(iii).

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 e-mail to rule-comments@sec.gov. Please include File Number SR-NYSEMKT-2012-37 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-NYSEMKT-2012-37. This file number should be included on the subject line if e-mail 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 website (<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 website viewing and printing in the Commission's Public Reference Section, 100 F Street, NE, Washington, DC 20549-1090. Copies of the filing will also be available for inspection and copying at the NYSE's principal office and on its Internet website at 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-NYSEMKT-2012-37 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

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

Kevin M. O'Neill
Deputy Secretary

¹⁸ 17 CFR 200.30-3(a)(12).

Additions underlined.

Deletions bracketed.

NYSE MKT Equities Rules

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Rule 103B - Equities. Security Allocation and Reallocation

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IX. ALLOCATION OF SECURITIES TO [NYSE AMEX LLC DESIGNATED] DMM PANELS

Securities listed on the Exchange or admitted to dealings on the Exchange pursuant to a grant of unlisted trading privileges in accordance with Section 12(f) of the Securities Exchange Act of 1934, as amended, [shall] may be assigned for trading [only] at panels [exclusively designated for trading securities on the Exchange] that also trade securities listed on the New York Stock Exchange, LLC. [DMM Units may only trade securities listed on the Exchange or admitted to dealings on the Exchange pursuant to a grant of unlisted trading privileges at panels exclusively designated for trading securities on the Exchange.]

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Rule 504 - Equities. Nasdaq Security Assignment

(a) No Change

(b) DMM Unit Eligibility and Assignment

* * * * *

[(6) Member organizations registered as DMM Units on both NYSE MKT Equities LLC and the New York Stock Exchange LLC must commit staff, including DMMs and clerks, for the trading of NYSE-listed securities separate from that for the trading of Exchange-listed securities and/or Nasdaq Securities. Individual DMMs and support staff will not be permitted to trade NYSE-listed securities together with Exchange-listed securities and/or Nasdaq Securities at the same time.]

(c) No Change

(d) Allocation of Nasdaq Securities to [Designated] DMM Panels

In accordance with Rule 103B(IX) - Equities, Nasdaq Securities [shall] may be allocated for trading, and DMM Units [shall] may trade such securities, [only] at panels that also trade securities listed on the Exchange and/or securities listed on the New York Stock Exchange, LLC [exclusively designated for trading Nasdaq Securities and/or securities listed on the Exchange].