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OMB Number: 3235-0045
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Page 1 of	* 20	WASHING	EXCHANGE COMMISTON, D.C. 20549 orm 19b-4		File No.* 9	SR - 2013 - * 55 mendments *)	
Filing by NYSE MKT LLC.							
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934							
Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section	on 19(b)(3)(A) *	Section 19(b)(3)(B) *	
Pilot	Extension of Time Period for Commission Action *	Date Expires *		☐ 19b-4(f ☐ 19b-4(f ☐ 19b-4(f)(2) 19b-4(f)(5)		
	of proposed change pursuant 806(e)(1)	to the Payment, Cleari Section 806(e)(2)	ing, and Settlement Ac	t of 2010	Security-Based Swap to the Securities Exch Section 3C(b)(2)	-	
Exhibit 2	· _	xhibit 3 Sent As Paper Do	ocument		,		
Provide a brief description of the action (limit 250 characters, required when Initial is checked *). Proposal to amend its Price List to change the monthly fees for the use of certain ports 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 action.							
First Na	ame * Marija		Last Name * Willen				
Title *	Chief Counsel NYSE	Chief Counsel NYSE Regulation Inc					
E-mail	ail * mwillen@nyx.com						
Telephone * (212) 656-4440 Fax (212) 656-2223							
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.							
(Title *)							
L	06/28/2013		Chief Counsel				
Ву	Martha Redding						
(Name *) 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. Persona Not Validated - 1369837767371,							

SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 For complete Form 19b-4 instructions please refer to the EFFS website. The self-regulatory organization must provide all required information, presented in a Form 19b-4 Information * clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal Remove is consistent with the Act and applicable rules and regulations under the Act. The Notice section of this Form 19b-4 must comply with the guidelines for publication Exhibit 1 - Notice of Proposed Rule Change * 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 Add Remove View 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 1A- Notice of Proposed Rule** The Notice section of this Form 19b-4 must comply with the guidelines for publication Change, Security-Based Swap Submission, 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 or Advance Notice by Clearing Agencies 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, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3) Exhibit 2 - Notices, Written Comments, Copies of notices, written comments, transcripts, other communications. If such Transcripts, Other Communications documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G. Remove View Add Exhibit Sent As Paper Document П Exhibit 3 - Form, Report, or Questionnaire 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 Add Remove View referred to by the proposed rule change. Exhibit Sent As Paper Document The full text shall be marked, in any convenient manner, to indicate additions to and **Exhibit 4 - Marked Copies** deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit Add Remove View 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** 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 Add View Remove of the proposed rule change. If the self-regulatory organization is amending only part of the text of a lengthy **Partial Amendment** 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. <u>Text of the Proposed Rule Change</u>

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act")¹ and Rule 19b-4 thereunder,² NYSE MKT LLC ("NYSE MKT" or the "Exchange") proposes to amend its Price List to change the monthly fees for the use of certain ports. The Exchange proposes to implement the fee changes on July 1, 2013.

A notice of the proposed rule change for publication in the <u>Federal</u> <u>Register</u> is attached hereto as Exhibit 1 and the text of the proposed rule change is attached as Exhibit 5.

- (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. <u>Procedures of the Self-Regulatory Organization</u>

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

The person on the Exchange staff prepared to respond to questions and comments on the proposed rule change is:

Marija Willen Chief Counsel NYSE Regulation, Inc. (212) 656-4440

3. <u>Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis</u> for, the Proposed Rule Change

(a) 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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

The Exchange has a Common Customer Gateway ("CCG") that accesses the equity trading systems that it shares with its affiliates, New York Stock Exchange LLC ("NYSE") and NYSE Arca, Inc. ("NYSE Arca"), and all ports connect to the

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

CCG. See, e.g., Securities Exchange Act Release No. 64543 (May 25, 2011), 76 FR 31667 (June 1, 2011) (SR-NYSEAmex-2011-20). All NYSE MKT member organizations are also NYSE 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.

- 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.
- 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 ports that connect to the Exchange via the DMM Gateway. See Securities Exchange Act Release No. 68261 (November 19, 2012), 77 FR 70522 (November 26, 2012) (SRNYSEMKT-2012-64).

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/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

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. 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 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.

(b) <u>Statutory Basis</u>

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act, in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act, 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

certain DMM-specific functions that relate to the DMM's role on the Exchange and the obligations attendant therewith.

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.

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(4) and (5).

assurance, and support. In this regard, the Exchange believes that the proposed fees are competitive with those charged by other exchanges. 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

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.

See supra note 5.

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.

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.

4. <u>Self-Regulatory Organization's Statement on Burden on Competition</u>

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

¹⁵ U.S.C. 78f(b)(8).

See supra note 9.

See supra note 11.

Exchange believes that the proposed rule change reflects this competitive environment.

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

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

6. Extension of Time Period for Commission Action

Not applicable.

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

The foregoing rule change is effective upon filing pursuant to Section 19(b)(3)(A)(ii) of the Act¹⁵ 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 Securities and Exchange Commission ("Commission") summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B) of the Act to determine whether the proposed rule change should be approved or disapproved.¹⁶

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

The proposed rule change is not based on the rules of another self-regulatory organization or of the Commission.

9. <u>Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act</u>

Not applicable.

¹⁵ U.S.C. 78s(b)(3)(A)(ii).

¹⁶ 15 U.S.C. 78s(b)(2)(B).

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

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

Exhibit 5 – Amendment to the Exchange's Price List

SECURITIES AND EXCHANGE COMMISSION (Release No. 34- ; File No. SR-NYSEMKT-2013-55)

[Date]

Self-Regulatory Organizations; NYSE MKT 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. The Exchange Proposes to Implement the Fee Changes on July 1, 2013

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 June 28, 2013, 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. <u>Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change</u>

The Exchange proposes to amend its Price List to change the monthly fees for 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 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. <u>Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis</u> 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. <u>Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change</u>

1. Purpose

The Exchange proposes to amend its Price List to change the monthly fees for the use of certain ports.⁴ The Exchange proposes to implement the fee changes on July 1, 2013.⁵

The Exchange has a Common Customer Gateway ("CCG") that accesses the equity trading systems that it shares with its affiliates, New York Stock Exchange LLC ("NYSE") and NYSE Arca, Inc. ("NYSE Arca"), and all ports connect to the CCG. See, e.g., Securities Exchange Act Release No. 64543 (May 25, 2011), 76 FR 31667 (June 1, 2011) (SR-NYSEAmex-2011-20). All NYSE MKT member organizations are also NYSE 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.

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.

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. The Exchange 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. The Exchange is proposing this change in order to permit the Exchange to offset, in part, its infrastructure costs

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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/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.

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 ports that connect to the Exchange via the DMM Gateway. See Securities Exchange Act Release No. 68261 (November 19, 2012), 77 FR 70522 (November 26, 2012) (SRNYSEMKT-2012-64).

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.

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 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.

2. <u>Statutory Basis</u>

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,⁸ in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,⁹ 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

⁹ 15 U.S.C. 78f(b)(4) and (5).

⁸ 15 U.S.C. 78f(b).

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. 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. 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. 12

("EDGX") also each charge \$500 per port per month.

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.

See supra note 5.

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.

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. <u>Self-Regulatory Organization's Statement on Burden on Competition</u>

In accordance with Section 6(b)(8) of the Act,¹³ 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.¹⁴ 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

¹⁵ U.S.C. 78f(b)(8).

See supra note 9.

number of ports utilized.¹⁵

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

No written comments were solicited or received with respect to the proposed rule change.

III. <u>Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action</u>

The foregoing rule change is effective upon filing pursuant to Section 19(b)(3)(A)¹⁶ of the Act and subparagraph (f)(2) of Rule 19b-4¹⁷ thereunder, because it establishes a due, fee, or other charge imposed by the Exchange.

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

See supra note 11.

¹⁵ U.S.C. 78s(b)(3)(A).

¹⁷ 17 CFR 240.19b-4(f)(2).

19(b)(2)(B)¹⁸ 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 e-mail to rule-comments@sec.gov. Please include File Number SR-NYSEMKT-2013-55 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-2013-55. 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

¹⁸ 15 U.S.C. 78s(b)(2)(B).

19 of 20

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-2013-55 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. ¹⁹

Kevin M. O'Neill Deputy Secretary

19

EXHIBIT 5

Additions <u>underscored</u> Deletions [bracketed]

NYSE MKT Equities Price List 2013

Last Updated: [January 2]July 1, 2013

* * * * *

Port Fees (not applicable to ports used for RMG, which are not charged)

\$500 per port per month (only one fee per drop copy port shall apply, even if receiving drop copies from multiple order/quote entry ports), except that DMMs shall not be charged for ports that connect to the Exchange via the DMM Gateway

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