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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No.* SR - 2015 - * 38
Amendment No. (req. for Amendments *)

Filing by NYSE Arca

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
☑	☐	☐	☑	☐	☐

Pilot	Extension of Time Period for Commission Action *	Date Expires *
☐	☐	

Rule
☐ 19b-4(f)(1) ☐ 19b-4(f)(4)
☐ 19b-4(f)(2) ☐ 19b-4(f)(5)
☐ 19b-4(f)(3) ☐ 19b-4(f)(6)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010
☐ Section 806(e)(1) ☐ Section 806(e)(2)

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
☐ Section 3C(b)(2)

☐ Exhibit 2 Sent As Paper Document ☐ Exhibit 3 Sent As Paper Document

Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Proposal to adopt new equity trading rules relating to Trading Sessions and Order Ranking and Display and Order Execution to reflect the implementation of Pillar

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 Name * Clare Last Name * Saperstein
Title * Associate General Counsel NYSE Group Inc
E-mail * Clare.Saperstein@theice.com
Telephone * (212) 656-2355 Fax (212) 656-8101

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.

Date 04/30/2015
By Martha Redding
(Name *)

(Title *)
Assistant Secretary

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.

Martha Redding, mredding@nyx.com

Required fields are shown with yellow backgrounds and asterisks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information * Add Remove View	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 * Add Remove View	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 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies Add Remove View	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, 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, Transcripts, Other Communications Add Remove View 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 Add Remove View 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 Add Remove View	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 Add Remove View	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 Add Remove View	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) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")[1] and Rule 19b-4 thereunder,[2] NYSE Arca, Inc. ("NYSE Arca" or the "Exchange"), through its wholly-owned corporation, NYSE Arca Equities, Inc. ("NYSE Arca Equities"), proposes to adopt new equity trading rules relating to Trading Sessions, Order Ranking and Display, and Order Execution to reflect the implementation of Pillar, the Exchange's new trading technology platform.

A notice of the proposed rule change for publication in the Federal Register 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. Procedures of the Self-Regulatory Organization

Senior management has approved the proposed rule change pursuant to authority delegated to it by the Board 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 change are complete.

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

Clare F. Saperstein
Associate General Counsel
NYSE Group, Inc.
(212) 656-2355

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

(a) Purpose

On January 29, 2015, the Exchange announced the implementation of Pillar, which is an integrated trading technology platform designed to use a single

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

specification for connecting to the equities and options markets operated by NYSE Arca and its affiliates, New York Stock Exchange LLC ("NYSE") and NYSE MKT LLC ("NYSE MKT"). NYSE Arca Equities will be the first trading system to migrate to Pillar.[3] NYSE Arca Equities trading on Pillar would be an all-electronic price-time priority equities trading platform.

The Exchange will be submitting proposed rule changes to correspond to the anticipated migration to Pillar, which would be done in phases. During the first phase, ETP Holders would continue to connect to existing NYSE Arca gateways to access the Pillar trading platform. In the second phase, the Exchange will introduce new customer gateways and connectivity as well as additional order type processing. To implement the first phase of Pillar migration, the Exchange will be submitting more than one rule filing. The Exchange will later submit rule filings to implement the second phase of Pillar migration.

During the first phase of Pillar implementation, the Exchange would roll out the new technology platform over a period of time based on a range of symbols. Because orders entered in symbols not yet migrated to Pillar would continue to operate under current rules, the Exchange will keep its current rules, pending complete migration of symbols to Pillar and retirement of the current trading system, and add new rules that would be applicable to symbols that trade on the Pillar trading platform. As proposed, the new rules governing trading on Pillar would have the same numbering as current rules, but with the modifier "P" appended to the rule number. For example, Rule 7.34, governing Trading Sessions, would remain unchanged and continue to apply to any trading in symbols on the current trading platform. Proposed Rule 7.34P would govern Trading Sessions for trading in symbols migrated to the Pillar platform. Once all symbols have migrated to the Pillar platform, the Exchange will file a rule proposal to delete rules that are no longer operative.

In this filing, the Exchange proposes to adopt new Pillar rules relating to Trading Sessions (NYSE Arca Equities Rule 7.34 ("Rule 7.34")), Order Ranking and Display (NYSE Arca Equities Rule 7.36 ("Rule 7.36")), and Order Execution (NYSE Arca Equities Rule 7.37 ("Rule 7.37")). As proposed, the new rules would be NYSE Arca Equities Rules 7.34P (Trading Sessions) ("Rule 7.34P"), 7.36P (Order Ranking and Display) ("Rule 7.36P"), and 7.37P (Order Execution) ("Rule 7.37P"). These three rules would set forth the foundation of the Exchange's equity trading model in Pillar, including the hours of operation, how orders would be ranked and displayed, and how orders would be executed.

As discussed in greater detail below, the Exchange is not proposing that the core functionality of rules applicable to trading on Pillar would be different from rules applicable to trading on the current NYSE Arca equities trading system.

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[3] See Trader Update dated January 29, 2015, available here: http://www1.nyse.com/pdfs/Pillar_Trader_Update_Jan_2015.pdf.

However, with Pillar, the Exchange would introduce new terminology. Further, because the Exchange would operate both its current trading system for some symbols and the Pillar trading platform for other symbols, until rollout of Pillar across all symbols is complete, the Exchange is proposing to add all new rule text for proposed Rules 7.34P, 7.36P, and 7.37P. Because these rules and related proposed terminology changes would be the foundation for all other rule changes that will be proposed in connection with Pillar, the Exchange believes that filing for these rule changes before other rule changes will provide the public notice of how Pillar would operate generally.

<u>Proposed use of "P" modifier</u>

To reflect how the "P" modifier would operate, the Exchange proposes to add rule text immediately following the reference to "Rule 7 Equities Trading," and before "Section 1. General Provisions" that would provide that rules with a "P" modifier would be operative for symbols that are trading on the Pillar trading platform. As further proposed, if a symbol is trading on the Pillar trading platform, a rule with the same number as a rule with a "P" modifier would no longer be operative for that symbol and the Exchange would announce by Trader Update when symbols are trading on the Pillar trading platform.

Similarly, the Exchange proposes to add rule text following the title "Rule 1 Definitions" that provides that definitions with a paragraph designation that includes a "P" modifier would be operative for symbols trading on the Pillar trading platform. A definition with the same paragraph designation as a definition with a "P" modifier would not be operative for symbols trading on Pillar. Finally, to provide clarity that definitions that do not have a version with a "P" modifier would apply across all symbols, regardless of the trading platform, the Exchange proposes to state explicitly that definitions that do not have a companion version with a "P" modifier would continue to be operative for all symbols.

The Exchange believes that adding these explanations regarding the "P" modifier in Exchange rules would provide transparency regarding which rules and definitions would be operative depending on the trading platform on which a symbol is trading.

<u>Trading Sessions</u>

Rule 7.34 governs trading sessions. As set forth in Rule 7.34(a), the Exchange has three trading sessions:

(1) the Opening Session, which begins at 1:00:00 a.m. Pacific Time and concludes at the commencement of the Core Trading Session. The Opening Auction and Market Order Auction occur during the Opening Session;

(2) the Core Trading Session, which begins at 6:30:00 a.m. Pacific Time or at the conclusion of the Market Order Auction, whichever comes

later, and concludes at 1:00:00 p.m. Pacific Time; and

(3) the Late Trading Session, which begins following the conclusion of the Core Trading Session and concludes at 5:00:00 p.m. Pacific Time.

Proposed Rule 7.34P(a)(1) – (3) would similarly provide for three trading sessions, but with several proposed differences from Rule 7.34(a):

- First, the Exchange proposes non-substantive differences in the names of the trading sessions on the Pillar trading platform. Specifically, for Pillar, the Exchange proposes to call its three trading sessions the "Early Trading Session," the "Core Trading Session," and the "Late Trading Session." The Exchange believes that the use of the term "Early Trading Session," rather than the "Opening Session," better describes when the session occurs, which is before the Core Trading Session, and therefore would be clearer to market participants. In addition, the Exchange proposes the auction that opens the "Early Trading Session" would be called the "Early Open Auction," instead of the "Opening Auction" and that the auction that opens the "Core Trading Session" would be called the "Core Open Auction" instead of the "Market Order Auction." The Exchange believes that the auctions that open the respective sessions should be named to reflect both the name of the session and that it is an opening auction for the respective session.

- Second, the Exchange proposes that all time references for the trading sessions would be to Eastern Time, and would not include references to seconds.[4] The Exchange's current rules for trading sessions use references to Pacific Time. In today's national trading environment, the Exchange believes that use of Eastern Time would reduce investor confusion by conforming references to time to how all other exchanges denote time in their rules. The Exchange similarly believes that references to seconds in proposed Rule 7.34P are unnecessary, as none of the other Exchange rules for the beginning and end of trading sessions use seconds.

- Third, the Exchange proposes that Rule 7.34P(a)(1) regarding Early Trading Sessions would be more detailed than Rule 7.34 by adding text that is currently in Rule 7.35(a)(1), without any substantive differences.[5] Specifically, the Exchange proposes to include in Rule 7.34P(a)(1) that the

4 The Exchange also proposes to change the times in the definition of Core Trading Hours, which is defined in Rule 1.1(j), from Pacific to Eastern Time references.

5 In a separate rule filing, the Exchange will propose Rule 7.35P, which would govern auctions in Pillar.

Corporation[6] would begin accepting orders 30 minutes before the Early Trading Session begins. Because this rule text concerns when orders may be entered, the Exchange believes that it should be included in the rule governing trading sessions for Pillar. Proposed Rule 7.34P(a)(1) would further provide that the Early Open Auction would begin the Early Trading Session.

- Fourth, the Exchange proposes to provide that the Core Open Auction would occur during the Core Trading Session. Rule 7.34(a) currently provides that the Market Order Auction occurs during the Opening Session. Because this auction is intended to open trading for the Core Trading Session,[7] the Exchange believes it should be considered part of the Core Trading Session, rather than the Early Trading Session. The Exchange therefore proposes to specify in proposed Rule 7.34P(a)(2) that the Core Open Auction would begin the Core Trading Session. The Exchange further proposes to specify that the Core Trading Session would end at the conclusion of Core Trading Hours or the Core Closing Auction, whichever comes later. The proposed cross reference to Core Trading Hours, which is defined in Rule 1.1(j), takes into consideration that the Core Trading Session may end earlier than 4:00 p.m. when the Exchange has an early scheduled close, e.g., the day before Christmas.

- Fifth, the Exchange proposes not to include in proposed Rule 7.34P the text currently in Rule 7.34 relating to extended Core Trading Session hours. Rules 7.34(a)(3)(A) and (B) provide that the Core Trading Session for specified securities concludes at 1:15:00 p.m. Pacific Time unless otherwise determined by the Corporation and that the Exchange would maintain on its website which securities for which the Core Trading Session would extend to 1:15:00 p.m. Because the Exchange does not have any securities for which the Core Trading Session extends to 1:15:00 p.m. Pacific Time, nor does it plan to provide for such an extended Core Trading Session for any securities, the Exchange proposes not to include this provision in proposed Rule 7.34P.

- Finally, the Exchange proposes that text currently found in Rules 7.34(a)(4), 7.34(a)(5), and 7.34(b) not be included in proposed Rule 7.34P. Rules 7.34(a)(4) and (5) currently describe how the Exchange handles trading halts in specified securities that occur during different trading

[6] The term “Corporation” is defined in Rule 1.1(k) as NYSE Arca Equities, Inc., as described in the NYSE Arca Equities, Inc.’s Certification of Incorporation and Bylaws.

[7] Rule 7.35 currently specifies that the Market Order Auction occurs at 9:30 a.m., which is the same time that the Core Trading Session begins for securities that do not have an auction.

sessions. The Exchange believes that rule text relating to halts should be centralized in a single rule and will be proposing in a separate rule filing to add the text of current Rule 7.34(a)(4) and (5) to proposed Rule 7.18P. Rule 7.34(b) sets forth Market Maker obligations to enter Q Orders for securities in which they are registered. The Exchange believes that this topic is not related to trading sessions directly and that this rule text should be included with the definition of Q Orders and therefore will be proposing in a separate rule filing to add the text of current Rule 7.34(b) to proposed Rule 7.31P.[8] Because Rule 7.34(a)(4) defines the term "Derivative Securities Product" and because that definition would not be included in proposed Rule 7.34P, the Exchange proposes to add a new definition to Rule 1.1 to define the terms Derivative Securities Product and UTP Derivative Securities Product. As proposed, the term "Derivative Securities Product" would mean a security that meets the definition of "derivative securities product" in Rule 19b-4(e) under the Securities Exchange Act of 1934[9] and a "UTP Derivatives Securities Product" would mean a Derivative Securities Product that trades on the Exchange pursuant to unlisted trading privileges.

The Exchange proposes to include the text of Rule 7.34(c) in proposed Rule 7.34P(b) with non-substantive differences and to provide more detail. Rule 7.34(c) provides that any Day Order entered into the NYSE Arca Marketplace[10] may remain in effect for one or more consecutive trading sessions on a particular day and that for each Day Order entered, the User[11] must designate for which trading session(s) the order will remain in effect. Proposed Rule 7.34P(b) would instead provide that any order entered into the NYSE Arca Marketplace must include a designation for which trading session(s) the order would remain in effect.

Proposed new Rule 7.34P(b) would also provide that an order would be eligible to participate only in the designated trading session(s) and may remain in effect for one or more consecutive trading sessions on a particular day. The Exchange further proposes to add that unless otherwise specified, an order designated for a

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8 The Exchange will be submitting a separate rule filing to propose Rule 7.31P, which would govern orders and modifiers in Pillar.

9 17 CFR 240.19b-4(e).

10 The term "NYSE Arca Marketplace" is defined in Rule 1.1(e) as the electronic securities communication and trading facility designated by the Board of Directors through which orders of Users are consolidated for execution and/or display.

11 The term "User" is defined in Rule 1.1(yy) as any ETP Holder or Sponsored Participant who is authorized to obtain access to the NYSE Arca Marketplace pursuant to Rule 7.29.

later trading session would be accepted but not eligible to trade until the designated trading session begins. For example, if an order is entered at 8:00 a.m. Eastern Time and is designated for the Core Trading Session only, it would be accepted but would not participate in the Early Trading Session. As discussed in more detail below, proposed Rule 7.34P(c) would specify orders that may not be entered either during or in advance of a designated trading session. In addition, the Exchange proposes to add that an order designated solely for a trading session that has already ended would be rejected. For example, an order entered at 10:00 a.m. Eastern Time that is designated only for the Early Trading Session would be rejected. The Exchange believes that the proposed changes would provide transparency in Exchange rules of when orders may be entered and when orders would be rejected.

The Exchange also proposes to add in Rule 7.34P(b)(2) and (3) that an order with a day time-in-force instruction entered before or during the Early Trading Session would be deemed designated for the Early Trading Session and the Core Trading Session and that an order with a day time-in-force instruction entered during the Core Trading session would be deemed designated for the Core Trading Session. The Exchange believes that the proposed rule text provides transparency regarding which sessions during which an order may be eligible to participate.

The Exchange proposes to describe the processes currently set forth in Rule 7.34(d) in proposed Rule 7.34P(c). Rule 7.34(d) describes which orders are permitted in each session. The Exchange proposes to revise how this topic is described in proposed Rule 7.34P(c) to provide generally that orders are eligible to participate in a session, unless otherwise provided in the rule. Accordingly, rule text in Rule 7.34(d) that specifies order types that are eligible to participate in a particular session would not be included in new Rule 7.34P because the proposed new text would make it unnecessary to specify the order types eligible to participate in a particular session. Those order types that would not be eligible to participate in each of the Exchange’s three trading sessions are described below.

With respect to the Early Trading Session, the Exchange proposes in new Rule 7.34P(c)(1) to provide that, unless otherwise specified in proposed paragraphs (c)(1)(A) – (E) of the new rule, orders and modifiers defined in Rule 7.31P that have been designated for the Early Trading Session would be eligible to participate in the Early Trading Session. The Exchange believes that the proposed rule text makes clear that unless specified in paragraphs (c)(1)(A) – (E) of new Rule 7.34P, all orders and modifiers in Rule 7.31P, if designated for the Early Trading Session, would be eligible to participate in the Early Trading Session.

Unlike under current rules, the Exchange proposes that Tracking Orders would be eligible to participate in the Early Trading Session on the Pillar trading platform. Because the Exchange routes orders during the Early Trading Session and because Tracking Orders are intended to be passive liquidity on the Exchange to interact with an order before it is routed, the Exchange believes that Tracking Orders should be available in the Early Trading Session. Accordingly, rule text from Rule 7.34(d)(1)(C) would not be included in new Rule 7.34P(c**)(**1**).**

The Exchange proposes that the following orders and modifiers in Rule 7.31P would not be eligible to participate in the Early Trading Session:

- Proposed Rule 7.34P(c)(1)(A) would provide that Market Orders, Q Orders, and Pegged Orders would not be eligible to participate in the Early Trading Session, which is current functionality. The Exchange further proposes to specify that any Market Orders, Q Orders, and Pegged Orders that include a designation for the Early Trading Session would be rejected. Such orders would be rejected if they also include a designation for another trading session; the designation for the Early Trading Session whether alone or with another designation would result in a rejection of the order. The Exchange further proposes to add that Market Pegged Orders entered before or during the Early Trading Session would be rejected regardless of the session designated for the order.[12] For example, a Market Order, Q Order, or Primary Pegged Order designated for the Core Trading Session only that is entered at 8:00 a.m. Eastern Time would be accepted, but a Market Pegged Order designated for the Core Trading Session only entered at the same time would be rejected.

- Proposed Rule 7.34P(c)(1)(B) would specify that Limit Orders designated IOC and Cross Orders would not be eligible to participate in the Early Open Auction and would be rejected if entered before the Early Open Auction concludes. The reference to Limit Orders designated IOC includes any order with an IOC instruction, including MPL Orders. Limit Orders designated IOC and Cross Orders are not currently eligible to participate in auctions, accordingly, this proposed rule change does not represent new functionality. However, the Exchange believes that the proposed change promotes transparency in Exchange rules regarding when an order would be accepted or rejected.

- Proposed Rule 7.34P(c)(1)(C) would specify that Limit Orders designated IOC and Cross Orders entered before or during the Early Trading Session and designated for the Core Trading Session only would be rejected if entered before the Core Open Auction concludes. The Exchange believes that this proposed rule would provide transparency because orders designated IOC must be eligible for an immediate execution and are not eligible for auctions, and an IOC order designated with a later trading

[12] As set forth in proposed Rule 7.34P(b), orders that are entered during the Early Trading Session and designated for a later session only would be accepted and become eligible to trade once the designated trading session begins.

session is by its terms inconsistent.

- Proposed Rule 7.34P(c)(1)(D) would provide that for securities that are not eligible for an auction on the Exchange, Market Orders designated for Core Trading Session and Auction-Only Orders would be routed directly to the primary listing market on arrival. This proposed treatment of Market Orders and Auction-Only Orders in securities that are not eligible for an auction on the Exchange would be different from current functionality.[13] Currently, Market Orders or Auction-Only Orders are routed to the primary listing market on arrival only if they include a "Primary Only" order designation. The Exchange proposes that on the Pillar trading platform, during the Early Trading Session, a Market Order or Auction-Only Order in a security that is not eligible for an auction on the Exchange would be routed to the primary listing market regardless of whether it includes a Primary Only designation. The Exchange believes that this proposed functionality would be consistent with the expectations of a User with respect to such orders, which would not be eligible for an execution on the Exchange. The Exchange proposes to further provide that any order routed directly to the primary listing market on arrival, which includes the above-described orders and Primary Only Orders, would be cancelled if that market is not accepting orders.

- Proposed Rule 7.34P(c)(1)(E) would provide that MOO Orders, MOC Orders, LOC Orders, and Primary Only Orders designated for the Early Trading Session would be rejected. This represents current functionality. LOO Orders may be designated for the Early Trading System in order to participate in a reopening auction following a trading halt. LOO Orders in securities not eligible for an auction on the Exchange that are designated for an Early Trading Session would be routed to the primary listing market, consistent with proposed Rule 7.34P(c)(1)(D) . The Exchange proposes to include this text in proposed Rule 7.34P in order to provide transparency of when an order would be rejected.

With respect to the Core Trading Session, the Exchange proposes in new Rule 7.34P(c)(2) to provide that, unless otherwise specified in proposed paragraphs (c)(2)(A) – (B) of the new rule, orders and modifiers defined in Rule 7.31P and 7.44P that have been designated for the Core Trading Session would be eligible to

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13 Proposed Rule 7.34P(c)(1)(D) would also represent a change to current Exchange functionality regarding MOC Orders and LOC Orders. Currently, the Exchange does not accept such orders before 9:30 a.m. Eastern Time. On the Pillar trading platform, the Exchange would accept such orders during the Early Trading Session, and if for a security that is not eligible for an auction on the Exchange, route such orders to the primary listing market if such market is accepting orders.

participate in the Core Trading Session.[14] The Exchange believes that the proposed rule text makes clear that, unless specified in paragraphs (c)(2)(A) – (B) of new Rule 7.34P, all orders and modifiers in Rule 7.31P and 7.44P, if designated for the Core Trading Session, would be eligible to participate in the Core Trading Session. The proposed exceptions to the general rule would be:

- Proposed Rule 7.34P(c)(2)(A) would provide that Market Orders in securities that are not eligible for the Core Open Auction would be routed to the primary listing market until the first opening print of any size on the primary listing market or 10:00 a.m. Eastern Time, whichever is earlier. This proposed rule text is based on current Rule 7.35(c), which states that for all exchange-listed securities for which the Exchange does not conduct a Market Order Auction, "the Corporation will route all Market Orders to the primary market until the first opening print on the primary market." This current rule makes clear that the Exchange refrains from processing Market Orders until the primary listing market has printed a transaction, and not just opened for trading based on an opening quote. Because this rule relates to how orders are treated during a trading session, the Exchange believes that it is more appropriately included in proposed Rule 7.34P(c) than in a rule governing auctions.

  In moving the rule text, the Exchange is proposing two substantive differences. First, to specify that the first opening print may include an odd-lot transaction, the Exchange proposes to provide in Rule 7.34P(c)(2)(A) that Market Orders in securities that are not eligible for the Core Open Auction would be routed to the primary listing market until the first print of any size on the primary listing market. The Exchange believes it is appropriate to include an odd-lot transaction print because such a transaction indicates that trading has begun on the primary listing market. Second, the Exchange proposes to provide for an outside time frame for when the Exchange would stop routing Market Orders to the primary listing market and begin processing those orders on the Exchange. As proposed, the Exchange would continue routing Market Orders to the primary listing market until the first print of any size on such market or 10:00 a.m. Eastern Time, whichever is earlier. The Exchange believes that if the primary listing market has not opened for trading by 10:00 a.m. Eastern Time and has not halted the security, the Exchange should begin processing Market Orders in all securities. The proposed time of 10:00 a.m. Eastern Time is based on NYSE Rule 123D and NYSE MKT Rule 123D – Equities, which provide for delayed opening procedures for NYSE- and NYSE MKT-listed securities. Specifically, under those rules,

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[14] The Exchange notes that orders and modifiers described in Rule 7.44 governing the Retail Liquidity Program ("RLP") are eligible to participate in the Core Trading Session only. The Exchange will submit a separate rule filing to adopt Rule 7.44P to govern RLP in Pillar.

a security is considered in a delayed opening if it is not open by 10:00 a.m. Eastern Time.

- Proposed Rule 7.34P(c)(2)(B) would provide that Auction-Only Orders in securities that are not eligible for an auction on the Exchange would be accepted and routed directly to the primary listing market. This proposed rule text is a continuation of the treatment of such orders as described in proposed Rule 7.34P(c)(1)(D) in that during the Core Trading Session, the Exchange would continue to accept and route such orders directly to the primary listing market. This proposal represents a change from current practice, as Rule 7.31(t) currently provides that the Exchange does not route Auction-Only orders to other exchanges. Instead, the Exchange currently rejects Auction-Only Orders in securities that are not eligible for an auction on the Exchange, unless they include a Primary Only Order designation. In Pillar, the Exchange would accept such orders and route them to the primary listing market.[15]

With respect to the Late Trading Session, the Exchange proposes in new Rule 7.34P(c)(3) to provide that unless otherwise specified in proposed paragraphs (c)(3)(A) – (C) of the new rule, orders and modifiers defined in Rule 7.31P that have been designated for the Late Trading Session would be eligible to participate in the Late Trading Session. The Exchange believes that this proposed rule text makes clear that unless specified in paragraphs (c)(3)(A) – (C) of new Rule 7.34P, all orders and modifiers in Rule 7.31P, if designated for the Late Trading Session, would be eligible to participate in the Late Trading Session.

Unlike under current rules, the Exchange proposes that Tracking Orders would be eligible to participate in the Late Trading Session, as they would be in the Early Trading Session, on the Pillar trading platform. Because the Exchange routes orders during the Late Trading Session and because Tracking Orders are intended to be passive liquidity on the Exchange to interact with an order before it is routed, the Exchange believes that Tracking Orders should be available in the Late Trading Sessions. Accordingly, rule text from current Rule 7.34(d)(3)(C) would not be included in new Rule 7.34P(c)(3).

The Exchange proposes that the following orders and modifiers in Rule 7.31P would not be eligible to participate in the Late Trading Session:

- Proposed Rule 7.34P(c)(3)(A) would provide that Market Orders, Q Orders, and Pegged Orders would not be eligible to participate in the Late Trading Session, which is current functionality. The rule would further provide that Market Orders, Q Orders, and Pegged Orders that include a

15 Because the treatment of Auction-Only Orders in securities that are not eligible for any auction on the Exchange would be covered in proposed Rule 7.34P, the Exchange would propose that new Rule 7.31P not include this same topic.

designation for the Late Trading Session would be rejected. For example, if a Market Order, Q Order, or Pegged Order were entered during the Core Trading Session and designated for both the Core and Late Trading Session, because it includes a designation for the Late Trading Session, such order would be rejected. The Exchange believes that this proposed rule text provides transparency in Exchange rules of when an order would be accepted or rejected.

- Proposed Rule 7.34P(c)(3)(B) would provide that orders that route directly to the primary listing market on arrival would be cancelled if that market is not accepting orders, which is current functionality**.**

- Proposed Rule 7.34P(c)(3)(C) would provide that MOO Orders, MOC Orders, LOC Orders, and Primary Only Orders designated for the Late Trading Session would be rejected. This represents current functionality. LOO Orders may be designated for the Late Trading System in order to participate in a reopening auction following a trading halt. LOO Orders in securities not eligible for an auction on the Exchange that are designated for an Early Trading Session would be routed to the primary listing market. The Exchange proposes to include this text in proposed Rule 7.34P in order to provide transparency of when an order would be rejected.

Proposed Rule 7.34P(d) regarding customer disclosures is based on Rule 7.34(e) with non-substantive differences to conform terminology with the proposed changes to new Rule 7.34P, including use of the term “Early Trading Session” instead of “Opening Session,” “Core Open Auction” instead of “Market Order Auction,” and “Limit Order” instead of “Limited Price Order.”

Finally, proposed Rule 7.34P(e) is based on Rule 7.34(f) without any substantive differences and would provide that trades on the NYSE Arca Marketplace executed and reported outside of the Core Trading Session would be designated as .T trades.

Order Ranking and Display

Rule 7.36 governs order ranking and display for the current Arca trading system. The rule provides that the NYSE Arca Marketplace shall display to Users and other market participants all non-marketable limit orders in the Display Order Process. The rule further provides that the NYSE Arca Marketplace will also disseminate current consolidated quotation/last sale information, and such other market information as may be available from time to time pursuant to agreement between the Corporation and other market centers.

Rule 7.36(a) sets forth that orders of Users are ranked and maintained in the Display Order Process and/or the Working Order Process of the NYSE Arca

Book[16] according to price-time priority, such that within each price level, orders are organized by the time of entry in the manner described in the rule.

Rule 7.36(a)(1) describes the Display Order Process and Rule 7.36(a)(2) describes the Working Order Process. Rule 7.36(a)(3) sets forth that if an order has been modified in size, the order retains priority if the modification involves a decrease in the size of the order, but if the modification increases the size of the order or changes the price, the order will be treated as a new order and receive a new time priority. Rule 7.36(b) provides that, except as provided in Rule 7.7, all orders displayed in the Display Order Process are displayed on an anonymous basis. Finally, Rule 7.36(c) provides that the best-ranked displayed orders to buy (sell) in the NYSE Arca Book and the aggregate size of such orders are collected and made available to quotation vendors for dissemination pursuant to Rule 11Ac1-1 under the Exchange Act. The rule further provides that if non-marketable odd-lot sized orders can be aggregated to equal at least a round lot, such odd-lot sized orders will be displayed as the best ranked displayed orders to sell (buy) at the least aggressive price at which such odd-lot sized orders can be aggregated to equal at least a round lot.

Proposed Rule 7.36P would describe for the Pillar trading platform order ranking and display of orders, without any substantive differences from Rule 7.36. As discussed in detail below, the Exchange believes that the proposed new rule text provides transparency with respect to how the Exchange's price-time priority model would operate through the use of new terminology applicable to all orders on the Pillar trading platform.

Rule 7.36P(a) would set forth definitions for purposes of all of Rule 7 Equities Trading on the Pillar trading platform, including Rule 7.37P (Order Execution and Routing), described below. The Exchange believes that these proposed definitions would provide transparency regarding how the Exchange operates, and would serve as the foundation for amendments to orders and modifiers that will be in proposed Rule 7.31P.

- Proposed Rule 7.36P(a)(1) would define the term "display price" to mean the price at which a Limit Order is displayed, which may be different from the limit price or working price of the order. For example, Rule 7.31 provides for order types that may be displayed at prices that are different from the limit price, such as a PNP Blind Order.[17] The Exchange

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16 The term "NYSE Arca Book" is defined in Rule 1.1(a) as the NYSE Arca Marketplace's electronic file of orders, which contain all of the User's orders in each of the Display Order, Working Order, and Tracking Order Processes.

17 See Rule 7.31(e)(4). The Exchange notes that in connection with Pillar, the Exchange will be renaming the PNP Blind Order as an "Arca Only Order," which will be proposed in a separate rule filing to adopt new Rule 7.31P. See Trader Update dated March 2, 2015, available here:

proposes to define the term "display price" in Pillar to explain these existing concepts uniformly in Exchange rules applicable to trading on the Pillar trading platform.

- Proposed Rule 7.36P(a)(2) would define the term "limit price" to mean the highest (lowest) specified price at which a Limit Order to buy (sell) is eligible to trade. The limit price is designated by the User. As noted in the proposed definitions of display price and working price, the limit price designated by the User may differ from the price at which the order would be displayed or eligible to trade.

- Proposed Rule 7.36P(a)(3) would define the term "working price" to mean the price at which an order is eligible to trade at any given time, which may be different from the limit price or display price of an order. The new term "working price" identifies for all orders the price at which an order is eligible to trade at any given time. Some exchanges refer to this concept as the price at which an order is "ranked."[18] The Exchange believes that the term "working price" would provide clarity regarding the price at which an order may be executed at any given time. Specifically, the Exchange believes that use of the term "working" denotes that this is a price that is subject to change, depending on circumstances. The Exchange will be using this term in connection with orders and modifiers when it files a separate rule filing to adopt Rule 7.31P.

- Proposed Rule 7.36P(a)(4) would define the term "working time" to mean the effective time sequence assigned to an order for purposes of determining its priority ranking. The Exchange proposes to use the term "working time" in its rules for trading on the Pillar trading platform instead of terms such as "time sequence" or "time priority," which are used in rules governing trading on the Exchange's current system. The Exchange believes that use of the term "working" denotes that this is a time assigned to an order for purpose of ranking and is subject to change, depending on circumstances.

Proposed Rule 7.36P(b) would govern the display of non-marketable Limit Orders on the Pillar trading system and is intended to be comparable to the preamble to Rule 7.36, without any substantive differences. As proposed, the Exchange would display all non-marketable Limit Orders, unless the order or modifier instruction specifies that all or a portion of the order is not to be displayed.

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https://www.nyse.com/publicdocs/nyse/markets/nyse/Pillar_Trader_Update_Mar_2015.pdf.

18 See, e.g., BATS Exchange, Inc. Rule 11.9(g)(1)(A) (referring to where an order is "ranked" as the price of an order).

The Exchange proposes to define in proposed Rule 7.36P(b)(1) what it means for an order to be displayed for ranking purposes. As proposed, an order would be considered displayed for ranking purposes if the price, side, and size of the order are disseminated via a market data feed, which includes a proprietary market data feed of the Exchange. As further proposed, odd-lot sized Limit Orders and the displayed portion of Reserve Orders would be considered displayed for ranking purposes. This proposed rule text is intended to provide transparency in Exchange rules regarding which orders are considered displayed for ranking purposes, and therefore eligible to be considered Priority 2 – Display Orders (described below). Specifically, odd-lot sized orders are displayed on the Exchange's proprietary data feed and would be displayed on the public feed if aggregated to equal a round lot or more would thus be considered "displayed" orders for purposes of priority ranking.

Proposed Rule 7.36P(b)(2) would be comparable to Rule 7.36(b) without any substantive differences and would provide that except as otherwise permitted by Rule 7.7,[19] all non-marketable displayed Limit Orders would be displayed on an anonymous basis. The Exchange proposes not to include reference to the Display Order Process in Rule 7.36P(b)(2) because, as discussed above, the Exchange is not proposing to use that terminology in Pillar.

Finally, proposed Rule 7.36P(b)(3) would be comparable to Rule 7.36(c) regarding dissemination, without any substantive differences. The Exchange proposes to use the term "will" in Proposed Rule 7.36P(b)(3) instead of "shall." In addition, the Exchange would not include in proposed Rule 7.36P rule text from the second sentence of the preamble to Rule 7.36. The Exchange is a participant in the CQ Plan and CTA Plan for Tape A- and B-listed securities and a participant in the Nasdaq UTP Plan for Tape C-listed securities. The respective governing documents of those plans set forth the Exchange's obligations regarding dissemination of quotes and last-sale information and thus, the Exchange does not believe it is necessary to duplicate a subset of those requirements in its rules. Finally, the Exchange proposes to cite to the governing federal rule by referencing Rule 602 of Regulation NMS[20] instead of Rule 11Ac1-1 under the Exchange Act, which was superseded by Regulation NMS.

Proposed Rule 7.36P(c) would describe the Exchange's general process for ranking orders and would be comparable to the text immediately following Rule 7.36(a), without any substantive differences. As proposed, Rule 7.36P(c) would provide that all non-marketable orders would be ranked and maintained in the

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19 Rule 7.7 provides that bids and offers disseminated by the Exchange will not include an ETP Holder's identify unless the ETP Holder affirmatively elects to disclosed its identify.

20 17 CFR 242.602.

NYSE Arca Book according to price-time priority in the following manner: (1) price; (2) priority category; (3) time; and (4) ranking restrictions applicable to an order or modifier condition. Accordingly, orders would be first ranked by price. Next, at each price level, orders would be assigned a priority category. Orders in each priority category would be required to be exhausted before moving to the next priority category. Within each priority category, orders would be ranked by time. These general requirements for order ranking are applicable to all orders, unless an order or modifier has a specified exception to this ranking methodology, as described in more detail below. The Exchange is proposing this ranking description instead of using the concepts of a Display Order Process, Working Order Process, and Tracking Order Process in Rule 7.36. However, substantively there would be no difference in how the Exchange ranks orders on the Pillar trading platform from how it ranks orders in in the current trading system. For example, a non-displayed order would always be ranked after a displayed order at the same price, even if the non-displayed order has an earlier working time.

To provide transparency regarding the Exchange's ranking process, the Exchange proposes to set forth in Rule 7.36P additional detail regarding each step. Proposed Rule 7.36P(d) would describe how orders are ranked based on price. Specifically, as proposed, all orders would be ranked based on the working price of an order. Orders to buy would be ranked from highest working price to lowest working price and orders to sell would be ranked from lowest working price to highest working price. The rule would further provide that if the working price of an order changes, the price priority of an order would change. This price priority is current functionality, but the new rule would use the proposed term "working price." The Exchange believes the proposed rule text provides transparency regarding the price-ranking process at the Exchange.

Proposed Rule 7.36P(e) would describe the proposed priority categories for ranking purposes. As proposed, at each price point, all orders would be assigned a priority category. If at a price point there are no orders in a priority category, the next category would have first priority. The proposed rules applicable to the Pillar trading platform would not use the terms "Display Order Process," "Working Order Process" and "Tracking Order Process" for describing priority categories. The Exchange does not believe that Rule 7.36P, which sets forth the general rule regarding ranking, should provide specifics for one or more order types and therefore the Exchange will address separately in new Rule 7.31P governing orders and modifiers which priority category correlates to order types and modifiers. Accordingly, details regarding which proposed priority categories would be assigned to the display and reserve portions of Reserve Orders, which is in Rule 7.36, will be addressed in new Rule 7.31P and therefore not be included in proposed Rule 7.36P, except as described below.

The proposed priority categories would be:

- Proposed Rule 7.36P(e)(1) would specify "Priority 1 – Market Orders," which provides that unexecuted Market Orders would have priority over all other same-side orders with the same working price. This proposed priority is the same as current Exchange priority rules under which resting Market Orders have priority over other orders at the same price.[21] Circumstances when an unexecuted Market Order would be eligible to execute against an incoming contra-side order include when a Market Order has exhausted all interest at the NBBO and is waiting for an NBBO update before executing again, pursuant to Rule 7.31(a), or when a Market Order is held unexecuted because it has reached a trading collar, pursuant to Rule 7.31(a)(3)(A). In such circumstances, the unexecuted Market Order(s) would have priority over all other resting orders at that price.

- Proposed Rule 7.36P(e)(2) would specify "Priority 2 – Display Orders." This proposed priority category would replace the "Display Order Process." As proposed, non-marketable Limit Orders with a displayed working price would have second priority. For an order that has a display price that differs from the working price of the order, if the working price is not displayed, the order would not be ranked Priority 2 at the working price.

- Proposed Rule 7.36P(e)(3) would specify "Priority 3 – Non-Display Orders." This priority category would be used in Pillar rules, rather than the "Working Order Process." As proposed, non-marketable Limit Orders for which the working price is not displayed, including the reserve interest of Reserve Orders, would have third priority.

- Proposed Rule 7.36P(e)(4) would specify "Priority 4 – Tracking Orders." This priority category would replace the "Tracking Order Process," as discussed in further detail below in connection with proposed Rule 7.37P. As proposed, Tracking Orders would have fourth priority.

Proposed Rule 7.36P(f) would set forth that within each priority category, orders would be ranked based on time priority.

- Proposed Rule 7.36P(f)(1) would provide that an order is assigned a working time based on its original entry time, which is the time an order is first placed on the NYSE Arca Book. This proposed process of assigning a working time to orders is current functionality and is substantively the same as current references to the "time of original order entry" found in several places in Rule 7.36. To provide transparency in Exchange rules, the Exchange further proposes to include in proposed Rule 7.36P(f) how the working time would be determined for orders that are routed. As proposed:

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21 This priority is currently specified in Rule 7.16(f)(viii).

  - Proposed Rule 7.36P(f)(1)(A) would specify that an order that is fully routed to an Away Market[22] on arrival would not be assigned a working time unless and until any unexecuted portion of the order returns to the NYSE Arca Book. The Exchange notes that this is the current process for assigning a working time to an order and proposes to include it in Exchange rules to provide transparency regarding what is considered the working time of an order that was fully routed on arrival.

  - Proposed Rule 7.36P(f)(1)(B) would specify that for an order that is partially routed to an Away Market on arrival, the portion that is not routed would be assigned a working time. If any unexecuted portion of the order returns to the NYSE Arca Book and joins any remaining resting portion of the original order, the returned portion of the order would be assigned the same working time as the resting portion of the order. If the resting portion of the original order has already executed and any unexecuted portion of the order returns to the NYSE Arca Book, the returned portion of the order would be assigned a new working time. This process for assigning a working time to partially routed orders is the same as currently used by the Exchange. The Exchange proposes to include this detail in Exchange rules to provide transparency regarding what is considered the working time of an order.

- Proposed Rule 7.36P(f)(2) would provide that an order would be assigned a new working time any time the working price of an order changes. This proposed rule text would be based on the rule text in Rule 7.36(a)(3), without any substantive differences. A change to the working price could be because of a User's instruction or because the order or modifier has a price that can change based on a reference price, such as an MPL Order, which is priced based on the PBBO.

- Proposed Rule 7.36P(f)(3) would provide that an order would be assigned a new working time if the size of the order increases and that an order would retain its working time if the size of the order is decreased. This proposed rule text would be based on rule text in the first and second sentences of Rule 7.36(a)(3), without any substantive differences.

- Proposed Rule 7.36P(f)(4) would provide that an order retains its working time if the order marking is changed from: (A) sell to sell short; (B) sell to

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22 The Exchange proposes Rule 1.1(ffP), which would define the term "Away Market." The proposed definition is based on the existing definition of "NOW Recipient," which is a term that the Exchange would not be using in Pillar. For Pillar, the proposed definition of "Away Market" would reference the term "alternative trading system" instead of ECN.

sell short exempt; (C) sell short to sell; (D) sell short to sell short exempt; (E) sell short exempt to sell; and (F) sell short exempt to sell short. This rule text would use for the Pillar trading platform rules the same rule text as in Rule 7.16(f)(viii), without any substantive differences. The Exchange proposes to include the text from Rule 7.16(f)(viii) regarding order priority when changing order marking to Rule 7.36P to consolidate ranking in a single rule.

Proposed Rule 7.36P(g) would specify that the Exchange would enforce ranking restrictions applicable to specified order or modifier instructions. These order and modifier instructions would be identified in proposed new Rules 7.31P and 7.44P, which the Exchange will submit in a rule filing prior to implementing the Pillar trading platform.

In addition, the Exchange proposes a definition in Rule 1.1(aP) of NYSE Arca Book that would be applicable to the Pillar rules. The proposed definition would differ from the current definition of NYSE Arca Book in Rule 1.1(a) in that it would not include references to the terms "Display Order Process," "Working Order Process," and "Tracking Order Process," which as discussed above, are terms that will not be used in Pillar. As proposed, new Rule 1.1(aP) would provide that the term "NYSE Arca Book" refers to the NYSE Arca Marketplace's electronic file of orders, which contains all orders entered on the NYSE Arca Marketplace.

<u>Order Execution and Routing</u>

Current Rule 7.37, titled "Order Execution," governs order execution and routing at the Exchange. The preamble to the rule provides that like-priced orders, bids and offers shall be matched for execution following steps 1 through 4 of the rule, provided, however, for an execution to occur in any Order Process, the price must be equal to or better than (1) the PBBO, in the case of a Limit Order or Q Order or (2) the NBBO in the case of an Inside Limit Order, a Pegged Limit Order, or a Market order. If such an order is not executable within those parameters, the rule provides that it may be routed to away markets as provided in Rule 7.37(d).

The rule then sets forth steps 1 through 4. Step 1 is the Display Order Process, which provides that incoming orders are first matched for execution against other orders in the Display Order process. The rule provides further specificity regarding how certain orders are ranked. The rule also sets forth that the size of an incoming Reserve Order includes both the displayed and reserve size and the size of the portion of the Reserve Order resident in the Display Order Process is equal to its displayed size. If an incoming marketable order is not executed in its entirety, the remaining part of the order is routed to the "Working Order" process. The rule further provides that an incoming order that is not marketable enters the Working Order Process to execute against any Discretionary Orders at or better than the NBBO.

Step 2 is the Working Order Process, which provides that incoming marketable orders are matched against orders in the Working Order process by the order of ranking of the orders in the Working Order Process. The rule sets forth how specified orders, such as Discretionary Orders, interact within the Working Order Process. The rule further provides that if the incoming marketable order has not been executed in its entirety, the remaining portion of the order shall be routed to the Tracking Order Process.

Step 3 is the Tracking Order Process, which is currently available during Core Trading Hours only. In the Tracking Order Process, if an order that is eligible to route to an away market has not been executed in its entirety under Steps 1 through 2, the NYSE Arca Marketplace shall match and execute any remaining part of such order in the Tracking Order Process in time/price priority.

Step 4 sets forth the Exchange’s process for routing away and specifies certain orders that are not eligible to be routed. For orders that are eligible to be routed, the rule specifies that if the order is designated as a Market, Inside Limit, or Pegged Order, the Exchange shall utilize all available quotes in the routing determination, or if the order is designated as a Limit Order, the Exchange shall utilize available Protected Quotations in the routing determination. The rule sets forth additional detail that orders will be routed as Intermarket Sweep Orders (“ISO”) and any remaining portion of the order will be ranked and displayed in the NYSE Arca Book pursuant to Rule 7.36.

The rule further provides that an order that is routed away shall remain outside the NYSE Arca Marketplace for a prescribed period of time and may be executed in whole or in part subject to the applicable trading rules of the relevant market center or market participant and that when an order remains outside the NYSE Arca Marketplace, it will have no time standing relative to other orders received from Users at the same price that may be executed against the NYSE Arca Book. The rule also provides that when an order is outside the NYSE Arca Marketplace, it will not have time standing in the NYSE Arca Book. Finally, with respect to routing, the rule provides that for an order that is eligible to route away, Users may instruct NYSE Arca to bypass any market centers that are not posting Protected Quotations within the meaning of Regulation NMS.

Rule 7.37(e), (f), and (g) set forth how the Exchange operates consistent with Regulation NMS for locking and crossing quotations and specified exceptions to Regulation NMS, including the self-help exception; ISO Exception; single price openings, reopenings, and closing transactions; benchmark trades; stopped orders; and the contingent order exemption.

Commentary .01 to Rule 7.37 sets forth the Exchange’s use of data feeds for the handling, execution, and routing of orders, as well as for regulatory compliance.

The Exchange proposes Rule 7.37P to describe the order execution and routing rules for the Pillar trading platform. Proposed Rule 7.37P would not be substantively different from Rule 7.37. The Exchange proposes that the title for new Rule 7.37P would be “Order Execution and Routing.” The title of Rule 7.37 is “Order Execution.” The Exchange believes that because Rule 7.37P, like Rule 7.37, would include the Exchange’s routing procedures, referencing to “Routing” in the rule’s title would provide additional transparency in Exchange rules regarding what topics would be covered in new Rule 7.37P.

Proposed Rule 7.37P(a) and its subsections would set forth the Exchange’s order execution process and would cover the same subject as the preamble to Rule 7.37, without any substantive differences. As proposed, an incoming marketable order would be matched for execution against contra-side orders in the NYSE Arca Book according to the price-time priority ranking of the resting orders, subject to specified parameters. Proposed Rule 7.37P(a)(1) would provide that orders that are routed to an Away Market on arrival would not be assigned a working time or be matched for execution on the NYSE Arca Book. This provision would apply to orders that the Exchange routes based on the time an order is entered, e.g., a Market Order in a security that is not eligible for an auction on the Exchange that is entered during the Early Trading Session, or an order with an instruction to route directly to the primary market on arrival, e.g., a Primary Only Order. The Exchange believes that the proposed rule provides transparency that an order that is intended to route on arrival would not be subject to order execution at the Exchange.

Proposed Rule 7.37P(a)(2) would provide that, unless an order qualifies for an exception to the Order Protection Rule in Rule 611 of Regulation NMS,[23] orders will not trade at prices that would trade through a protected quotation.[24] Proposed Rule 7.37P(a)(3) would provide that Limit Orders would be executed at prices equal to or better than the PBBO and proposed Rule 7.37P(a)(4) would provide that Market Orders and Inside Limit Orders would be executed at prices equal to or better than the NBBO. The proposed rule for the Pillar trading platform is based on existing requirements as set forth in the preamble to Rule 7.37 and is consistent with the order processing of Market Orders, Limit Orders, and Inside Limit Orders as set forth in Rule 7.31.

As discussed above, the Exchange proposes to eliminate the terminology associated with the Display Order Process, Working Order Process, and Tracking

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[23] 17 CFR 242.611.

[24] The term “trade through” is defined in Rule 1.1(fff) as the purchase or sale of an NMS stock during regular trading hours, either as principal or agent, at a price that is lower than a Protected Bid or higher than a Protected Offer. The term “protected quotation” is defined in Rule 1.1(eee) as a quotation that is a Protected Bid or a Protected Offer, and those terms are defined in the rule as well.

Order Process. Therefore, similar to proposed Rule 7.36P, the Exchange would not include these terms in new Rule 7.37P. Moreover, the Exchange does not believe that it is necessary to restate in new Rule 7.37P the Exchange's ranking process, which would be set forth in proposed Rule 7.36P. In addition, consistent with the Exchange's proposed approach to new Rule 7.34P and 7.37P, the Exchange proposes to eliminate, where feasible, reference to specific order types and instead state the Exchange's general order execution methodology. Any exceptions to such general requirements would be set forth in connection with specific order or modifier definitions in proposed Rule 7.31P. Accordingly, the Exchange will not include in new Rule 7.37P the process currently referred to as "Step 3" and instead, details regarding how Tracking Orders would operate would be included in proposed Rule 7.36P(e)(3), as discussed above regarding ranking priority assigned to Tracking Orders, and new Rule 7.31P.

Proposed Rule 7.37P(b) would set forth the Exchange's order routing process and is intended to cover the same subject as Rule 7.37(d), which is currently referred to as "Step 4" in order processing, without any substantive differences. Proposed Rule 7.37P(b) would provide that unless an order has an instruction not to route, after being matched for execution with any contra-side orders in the NYSE Arca Book pursuant to proposed Rule 7.37P(a), marketable orders would be routed to Away Markets.

The proposed rule would then set forth additional details regarding routing:

- Proposed Rule 7.37P(b)(1) would provide that an order that cannot meet the pricing parameters of proposed Rule 7.37P(a) may be routed to Away Market(s) before being matched for execution against contra-side orders in the NYSE Arca Book. The Exchange believes that this proposed rule text provides transparency that an order may be routed before being matched for execution, for example, to prevent locking or crossing or trading through a protected quotation.

- Proposed Rule 7.37P(b)(2) would provide that if an order with an instruction not to route would trade through or lock or cross a protected quotation and is not eligible for an exception to either Rule 610 or 611 of Regulation NMS,[25] it would cancel, re-price, or be held undisplayed on the NYSE Arca Book, as provided for in Rules 7.31P and 7.44P.

- Proposed Rule 7.37P(b)(3) would provide that orders eligible to route would be routed to all available Away Markets unless the order includes an instruction to bypass market centers that are not displaying protected quotations. This rule text covers the subject matter of current Rule 7.37(d)(2)(A), 7.37(d)(2)(B), and 7.37(d)(4), with no substantive differences. As with current functionality, proposed Rule 7.37P(b)(1)

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25 17 CFR 242.610 and 17 CFR 242.611.

specifies that all Away Markets, as defined in proposed Rule 1.1(ffP), would be considered as part of the routing determination unless the User has opted out of routing to Away Markets that do not display protected quotations.

- Proposed Rule 7.37P(b)(4) would provide that Limit Orders that are routed to Away Market(s) may be routed to more than one price level, up (down) to the limit price of an order to buy (sell). This represents current routing functionality and means that a Limit Order may be routed to more than just the top of book bid or offer of an Away Market, provided that the order would not be routed to prices that are outside of the limit price of the order and consistent with Rule 611 of Regulation NMS,[26] as provided for in proposed Rule 7.37P(a)(2). The Exchange believes that including this level of detail in the rule provides transparency regarding the potential for an order to be routed to more than one price level on an Away Market. The Exchange believes that routing to depth of Away Markets provides a greater opportunity for an order to be executed in full.

- Proposed Rule 7.37P(b)(5) would provide that, except for orders routed to the primary listing market on arrival pursuant to Rule 7.34P or designated to route to the primary listing market pursuant to Rule 7.31P, orders routed to Away Markets would be sent as IOC ISOs. This routing is based on current Rule 7.37(d)(2)(B)(i) with no substantive differences.

- Proposed Rule 7.37P(b)(6) would provide that after any order or portion thereof that has been routed would not be eligible to trade on the NYSE Arca Book, unless all or a portion of the order returns unexecuted. This routing methodology is current functionality and covers that same subject as current Rule 7.37(d)(2)(C) and (D), with no substantive differences. In contrast to Rule 7.37(d)(2)(C) and (D), however, the Exchange proposes that Rule 7.37P(b)(6) would focus on the fact that once routed, an order would not be eligible to trade on the Exchange, rather than stating the obvious that it would be subject to the routing destination's trading rules once routed. In addition, because, as discussed above, the working time assigned to orders that are routed is being proposed to be address in new Rule 7.36P(f)(1)(A) and (B), the Exchange believes it would be duplicative to restate this information in new Rule 7.37P.

- Proposed Rule 7.37P(b)(7) would set forth how the Exchange would process requests to cancel orders that have been routed. Rule 7.37(d)(2)(E) currently provides that requests from Users to cancel their orders while the order is routed away to another market center or market participant and remains outside the NYSE Arca Marketplace shall be processed, subject to the applicable trading rules of the relevant market

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[26] 17 CFR 242.611.

center or market participant.

The Exchange proposes to specify in new Rule 7.37P(b)(7)(A) that requests to cancel orders that are eligible to be matched for execution against orders in the NYSE Arca Book would not be processed unless and until all or a portion of the order returns unexecuted. New Rule 7.37P(b)(7)(B) would specify that for orders routed to the primary listing market on arrival pursuant to Rule 7.34P or designated to route to the primary listing market pursuant to Rule 7.31P, requests to cancel would be routed to the primary listing market, which is current functionality.

New Rule 7.37P(b)(7)(C) would provide, as currently set forth in Rule 7.31(x) regarding Primary Only Orders, for MOC Orders or LOC Orders in NYSE- or NYSE MKT-listed securities, requests to cancel or reduce in size that are electronically entered after the times specified in NYSE Rules 123C(3)(b) and NYSE MKT Rule 123C(3)(b) – Equities and Supplementary Material .40 to those rules would be rejected.[27] The Exchange proposes to include this text in proposed Rule 7.37P(b)(7) because it concerns how the Exchange would process requests to cancel orders with instructions to route on arrival. By including this rule text in proposed Rule 7.37P, the proposed processing of electronically entered requests to cancel MOC or LOC Orders in NYSE- or NYSE MKT-listed securities would also apply to such orders that do not include a Primary Only Order designation, but which, pursuant to Rule 7.34P, would be routed to the primary listing market on arrival. The Exchange believes that the proposed changes would provide transparency regarding how requests to cancel orders that have been routed would be processed in Pillar, which would not be substantively different from how the Exchange's current trading system operates.

- Proposed Rule 7.37P(b)(8) would provide that an order marked "short" when a short sale price test restriction is in effect would not be routed. Instead of routing, the Exchange would reprice or cancel the order consistent with Rule 7.16, which will be proposed as Rule 7.16P in a separate rule filing for Pillar.

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27 NYSE Rule 123C(3)(b) and NYSE MKT Rule 123C(3)(b) – Equities provide that between 3:45 p.m. and 3:58 p.m., MOC and LOC Orders may be cancelled or reduced in size only to correct a legitimate error, and NYSE Rule 123C(3)(c) and NYSE MKT Rule 123C(3)(c) provide that MOC and LOC Orders may not be cancelled or reduced in size at all after 3:58 p.m. Supplementary Material .40 to those rules provides, among other things, that the times specified in those rules will be adjusted based on the early scheduled closing time and references to 4:00 p.m. mean the early scheduled close, 3:45 p.m. means 15 minutes before the early scheduled close, and 3:58 p.m. means two minutes before the early scheduled close.

The Exchange believes the specific routing methodologies for an order type or modifier should be included with how the order type is defined, which will be in Rule 7.31P. Accordingly, the Exchange does not believe it needs to specify in new Rule 7.37P whether an order is eligible to route, and if so, whether there are any specific routing instructions applicable to the order and therefore will not be carrying over such specifics that are included in Rule 7.37.

The remaining proposed rule text of Rule 7.37P is based on Rule 7.37, with limited non-substantive differences:

- Proposed Rule 7.37P(c) would provide that after executing with eligible contra-side interest on the NYSE Arca Book and/or returning unexecuted after routing to Away Market(s), any unexecuted non-marketable portion of an order would be ranked consistent with new Rule 7.36P. This rule represents current functionality and is based on Rule 7.37(d)(3) without any substantive differences.

- Proposed Rule 7.37P(d) would set forth the Exchange's use of data feeds, and includes the rule text that is currently set forth in Commentary .01 to Rule 7.37, without any substantive differences. Proposed Rule 7.37P(d)(1) would not include the clause "away market quotes disseminated by" as unnecessary language, with the proposed rule text using the proposed defined term "Away Markets" as follows, "[t]he Exchange receives data feeds directly from broker dealers for purposes of routing interest to Away Markets that are not displaying protected quotations."

- Proposed Rule 7.37P(e) would set forth the same rule text from Rule 7.37(e) regarding locking or crossing quotations in NMS stocks with a non-substantive difference to update a cross-reference in the rule to rule numbering in Rule 7.37P. The Exchange proposes an additional non-substantive difference to specify in Rule 7.37P(e)(3) that the prohibition against Locking and Crossing Quotations in paragraph Rule 7.37P(e)(2) would not apply in the circumstances specified in Rules 7.37P(e)(3)(A) – (C). Proposed Rules 7.37P(e)(3)(A) – (C) is rule text that is identical to Rule 7.37(e)(3)(A) – (C).

- Proposed Rule 7.37P(f) would set forth the exceptions to the Order Protection Rule[28] and would enumerate the self-help exception in Rule 7.37P(f)(1), which is based on Rule 7.37(f) regarding Self-Help Exceptions, with two proposed modifications. The Exchange would not include the second sentence of Rule 7.37(f)(1), which provides that the Exchange will disregard another Trading Center's bid and offer if the other Trading Center has repeatedly failed to respond within one second to

[28] 17 CFR 242.611(b).

an incoming IOC order after adjusting for order transmission time, in new Rule 7.37P(f)(1). The self-help exception set forth in Rule 611(b)(1) of Regulation NMS[29] and related Securities and Exchange Commission staff guidance regarding this exception[30] does not require trading centers to use the self-help exception if a destination trading trading center fails to respond within one second to an incoming IOC order, but state that such a failure would justify use of the exception. Rather, a trading center is free to adopt reasonable policies and procedures consistent with the flexible purposes of the self-help exception. Because the Exchange does not use the method described in the second sentence of current Rule 7.37(f)(1) to determine whether to declare self-help, the Exchange proposes not to include it in new Rule 7.37P(f)(1). Second, Rule 7.37(f)(1)(B) provides that the Exchange follows "published NYSE Arca policies and procedures for electing the self-help exception." Because the Exchange publishes those policies and procedures internally only, to reduce investor confusion, the Exchange proposes to modify the text in proposed Rule 7.37P(f)(1)(B) to provide instead that the Exchange would follow "established NYSE Arca policies and procedures for electing the self-help exception."

Proposed Rules 7.37P(f)(2) – (4) are based on the rule text from Rule 7.37(g) regarding Additional Exceptions to the Order Protection Rule, with non-substantive differences to reflect different rule numbering and update the rule text to reflect current operations. First, the Exchange proposes not to include the first and third sentences of Rule 7.37(g)(1) in proposed Rule 7.37P(f)(2)(A) relating to the Intermarket Sweep Order Exception because when executing or displaying ISOs that it receives from ETP Holders, it is the responsibility of the entering broker dealer and not the Exchange to simultaneously route ISOs. Therefore, the current rule text does not represent how the Exchange operates, nor does it reflect the requirements of Regulation NMS. The Exchange proposes additional non-substantive differences to the rule text relating to this exception to update references, for example, to refer to NYSE Arca's best bid or best offer rather than its own protected quotation and remove reference to the "NYSE Arca System."

Second, the Exchange proposes not to include the second sentence of Rule

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29 17 CFR 611(b)(1).

30 See Question 4.07, "Responses to Frequently Asked Questions Concerning Rule 611 and Rule 610 of Regulation NMS," available at https://www.sec.gov/divisions/marketreg/nmsfaq610-11.htm ("Beyond this basic parameter of repeated failure to turn around an IOC order within one second, trading centers are free to adopt reasonable policies and procedures that are consistent with the flexible purposes of the self-help exception.").

7.37(g)(3) relating to how the Exchange would conduct a single-price reopening in proposed Rule 7.37P(f)(3). To reduce investor confusion and promote transparency in its rules, the Exchange believes that its rule governing auctions should set forth how the Exchange conducts a single-price auction to reopen a stock following a trading halt. Third, the Exchange proposes not to include current Rule 7.37(g)(5) text regarding Stopped Orders because the Exchange does not currently, and will not in Pillar, support Stopped Orders on the Exchange. Finally, the Exchange proposes not to include current Rule 7.37(g)(6) text regarding transactions other than "regular-way" contracts because in Pillar, the Exchange would not execute any orders on terms other than standardized terms and conditions, i.e., "regular way" contracts.

Proposed Rule 7.37P(f)(5) regarding the Contingent Order Exemption from the Order Protection Rule is based on rule text from Rule 7.37(h) regarding Exemptions with different rule numbering and one substantive difference. Rule 7.37(g)(2) specifies the requirements to meet the qualified contingent trade exemption to Rule 611(a) of Regulation NMS[31] and are based on the requirements specified in the Commission's Order granting an exemption for qualified contingent trades.[32] Rule 7.37(f)(2)(G) currently specifies the original requirement that the exempted transaction must be part of a contingent trade that involves at least 10,000 shares or has a market value of at least $200,000. The Commission later modified the exemption for qualified contingent trades to remove that size condition.[33] The Exchange therefore proposes not to include in its proposed Rule 7.37P(f)(2)(D) the size requirement.

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As discussed above, because of the technology changes associated with the migration to the Pillar trading platform, the Exchange will announce by Trader Update when rules with a "P" modifier will become operative and for which symbols. The Exchange believes that keeping existing rules on the book pending the full migration of Pillar will reduce confusion because it will ensure that the rules governing trading on a trading platform will continue to be available pending the full migration.

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31 17 CFR 242.611(a).

32 See Securities Exchange Act Release No. 54389 (August 31, 2006), 71 FR 52829 (September 7, 2006) (Order Granting an Exemption for Qualified Contingent Trades from Rule 611(a) of Regulation NMS under the Securities Exchange Act of 1934).

33 See Securities Exchange Act Release No. 57620 (April 4, 2008), 73 FR 19271 (April 9, 2008) (Order Modifying the Exemption for Qualified Contingent Trades from Rule 611(a) of Regulation NMS under the Securities Exchange Act of 1934).

(b) Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Securities Exchange Act of 1934 (the "Act"),[34] in general, and furthers the objectives of Section 6(b)(5),[35] in particular, because it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to, and perfect the mechanism of, a free and open market and a national market system and, in general, to protect investors and the public interest. The Exchange believes that the proposed rules to support Pillar would remove impediments to and perfect the mechanism of a free and open market because the proposed rule set would promote transparency in Exchange rules by using consistent terminology governing equities trading, thereby ensuring that members, regulators, and the public can more easily navigate the Exchange's rulebook and better understand how equity trading is conducted on the Exchange. Adding new rules with the modifier "P" to denote those rules that would be operative for the Pillar trading platform would remove impediments to and perfect the mechanism of a free and open market by providing transparency of which rules govern trading once a symbol has been migrated to the Pillar platform.

The Exchange believes that the proposed restructuring in new Rules 7.34P, 7.36P, and 7.37P would remove impediments to and perfect the mechanism of a free and open market by assuring consistency of terms used in the Exchange's rulebook. The proposed revisions to the Exchange's equity trading rules to reflect terminology associated with Pillar would remove impediments to and perfect a free and open market because the proposed changes are designed to simplify the structure of the Exchanges rules and permit the use of consistent terminology throughout numerous rules, without changing the underlying functionality. For example, the Exchange believes the proposed definitions set forth in Rule 7.36P, i.e., display price, limit price, working price, and working time, promote transparency in Exchange rules and make them easier to understand because these proposed definitions will serve as the foundation for additional rule changes to support Pillar.

The Exchange further believes that moving specified rule text that relates to specific order types that is set forth in Rules 7.34, 7.36 and 7.37 to proposed Rule 7.31P (which will be the subject of a separate filing), and therefore not include such detail in proposed Rules 7.34P, 7.36P and 7.37P, would make Exchange rules easier to navigate because information regarding how a specific order type would operate would be in a single location in the Exchange's rule book.

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[34] 15 U.S.C. 78f(b).

[35] 15 U.S.C. 78f(b)(5).

With respect to proposed Rule 7.34P, the Exchange believes that the proposed changes to functionality would remove impediments to and perfect the mechanism of a fair and orderly market. First, the Exchange believes that because an auction that opens a trading session should occur within that trading session, it would remove impediments to and perfect the mechanism of a fair and orderly market for the Core Open Auction to occur during the Core Trading Session instead of the Early Trading Session. Second, the Exchange believes that the proposed change to route to the primary listing market Market Orders and Auction-Only Orders in symbols that are not eligible for an execution on the Exchange would remove impediments to and perfect the mechanism of a free and open market by ensuring that such orders reach a destination where they may be eligible to obtain an execution or participate in an auction. This is current functionality, but it is only available for orders that have been designated as "Primary Only." Expanding this functionality to orders that do not include that designation would also protect investors and the public interest by enabling such interest to reach a destination where it is more likely to obtain an execution opportunity or participate in an auction. Finally, the Exchange believes that making Tracking Orders available during the Early and Late Trading Sessions would remove impediments to and perfect the mechanism of a free and open market by providing additional execution opportunities on the Exchange through the availability of additional passive liquidity.

With respect to proposed Rules 7.36P and 7.37P, as discussed above, the Exchange is not proposing any functional changes to how it ranks, displays, executes, or routes orders. The Exchange believes, however, that the proposed rule text promotes transparency through the use of consistent terminology that will serve as the foundation for additional Pillar-related rule proposals. The Exchange also believes that adding more detail regarding current functionality in new Rules 7.34P, 7.36P, and &.37P, as described above, would promote transparency by providing notice of when orders would be accepted, routed, rejected, cancelled, or be assigned a working time by the Exchange.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed change is not designed to address any competitive issue but rather to adopt new rules to support the Exchange's new Pillar trading platform. As discussed in detail above, with this rule filing, the Exchange is not proposing to change its core functionality regarding its price-time priority model, and in particular, how it would rank, display, execute or route orders in Pillar. Rather, the Exchange believes that the proposed rule change would promote consistent use of terminology to support the Pillar trading platform making the Exchange's rules easier to navigate.

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 change.

6. Extension of Time Period for Commission Action

The Exchange does not consent at this time to an extension of any time period for Commission action.

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

Not applicable.

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

Not applicable.

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

Not applicable.

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 Federal Register

Exhibit 5 – Text of Proposed Rule Change

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-NYSEARCA-2015-38)

[Date]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Proposed Rule Change Adopting New Equity Trading Rules Relating to Trading Sessions, Order Ranking and Display, and Order Execution to Reflect the Implementation of Pillar, the Exchange's New Trading Technology Platform

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 April 30, 2015, NYSE Arca, Inc. (the "Exchange" or "NYSE Arca") 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 adopt new equity trading rules relating to Trading Sessions, Order Ranking and Display, and Order Execution to reflect the implementation of Pillar, the Exchange's new trading technology platform. 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.

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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

On January 29, 2015, the Exchange announced the implementation of Pillar, which is an integrated trading technology platform designed to use a single specification for connecting to the equities and options markets operated by NYSE Arca and its affiliates, New York Stock Exchange LLC ("NYSE") and NYSE MKT LLC ("NYSE MKT"). NYSE Arca Equities will be the first trading system to migrate to Pillar.[4] NYSE Arca Equities trading on Pillar would be an all-electronic price-time priority equities trading platform.

The Exchange will be submitting proposed rule changes to correspond to the anticipated migration to Pillar, which would be done in phases. During the first phase, ETP Holders would continue to connect to existing NYSE Arca gateways to access the Pillar trading platform. In the second phase, the Exchange will introduce new customer gateways and connectivity as well as additional order type processing. To implement the

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4 See Trader Update dated January 29, 2015, available here: http://www1.nyse.com/pdfs/Pillar_Trader_Update_Jan_2015.pdf.

first phase of Pillar migration, the Exchange will be submitting more than one rule filing. The Exchange will later submit rule filings to implement the second phase of Pillar migration.

During the first phase of Pillar implementation, the Exchange would roll out the new technology platform over a period of time based on a range of symbols. Because orders entered in symbols not yet migrated to Pillar would continue to operate under current rules, the Exchange will keep its current rules, pending complete migration of symbols to Pillar and retirement of the current trading system, and add new rules that would be applicable to symbols that trade on the Pillar trading platform. As proposed, the new rules governing trading on Pillar would have the same numbering as current rules, but with the modifier "P" appended to the rule number. For example, Rule 7.34, governing Trading Sessions, would remain unchanged and continue to apply to any trading in symbols on the current trading platform. Proposed Rule 7.34P would govern Trading Sessions for trading in symbols migrated to the Pillar platform. Once all symbols have migrated to the Pillar platform, the Exchange will file a rule proposal to delete rules that are no longer operative.

In this filing, the Exchange proposes to adopt new Pillar rules relating to Trading Sessions (NYSE Arca Equities Rule 7.34 ("Rule 7.34")), Order Ranking and Display (NYSE Arca Equities Rule 7.36 ("Rule 7.36")), and Order Execution (NYSE Arca Equities Rule 7.37 ("Rule 7.37")). As proposed, the new rules would be NYSE Arca Equities Rules 7.34P (Trading Sessions) ("Rule 7.34P"), 7.36P (Order Ranking and Display) ("Rule 7.36P"), and 7.37P (Order Execution) ("Rule 7.37P"). These three rules would set forth the foundation of the Exchange's equity trading model in Pillar, including the hours of operation, how orders would be ranked and displayed, and how orders would be executed.

As discussed in greater detail below, the Exchange is not proposing that the core functionality of rules applicable to trading on Pillar would be different from rules applicable to trading on the current NYSE Arca equities trading system. However, with Pillar, the Exchange would introduce new terminology. Further, because the Exchange would operate both its current trading system for some symbols and the Pillar trading platform for other symbols, until rollout of Pillar across all symbols is complete, the Exchange is proposing to add all new rule text for proposed Rules 7.34P, 7.36P, and 7.37P. Because these rules and related proposed terminology changes would be the foundation for all other rule changes that will be proposed in connection with Pillar, the Exchange believes that filing for these rule changes before other rule changes will provide the public notice of how Pillar would operate generally.

Proposed use of "P" modifier

To reflect how the "P" modifier would operate, the Exchange proposes to add rule text immediately following the reference to "Rule 7 Equities Trading," and before "Section 1. General Provisions" that would provide that rules with a "P" modifier would be operative for symbols that are trading on the Pillar trading platform. As further proposed, if a symbol is trading on the Pillar trading platform, a rule with the same number as a rule with a "P" modifier would no longer be operative for that symbol and the Exchange would announce by Trader Update when symbols are trading on the Pillar trading platform.

Similarly, the Exchange proposes to add rule text following the title "Rule 1

Definitions" that provides that definitions with a paragraph designation that includes a "P" modifier would be operative for symbols trading on the Pillar trading platform. A definition with the same paragraph designation as a definition with a "P" modifier would not be operative for symbols trading on Pillar. Finally, to provide clarity that definitions that do not have a version with a "P" modifier would apply across all symbols, regardless of the trading platform, the Exchange proposes to state explicitly that definitions that do not have a companion version with a "P" modifier would continue to be operative for all symbols.

The Exchange believes that adding these explanations regarding the "P" modifier in Exchange rules would provide transparency regarding which rules and definitions would be operative depending on the trading platform on which a symbol is trading.

<u>Trading Sessions</u>

Rule 7.34 governs trading sessions. As set forth in Rule 7.34(a), the Exchange has three trading sessions:

(1) the Opening Session, which begins at 1:00:00 a.m. Pacific Time and concludes at the commencement of the Core Trading Session. The Opening Auction and Market Order Auction occur during the Opening Session;

(2) the Core Trading Session, which begins at 6:30:00 a.m. Pacific Time or at the conclusion of the Market Order Auction, whichever comes later, and concludes at 1:00:00 p.m. Pacific Time; and

(3) the Late Trading Session, which begins following the conclusion of the Core Trading Session and concludes at 5:00:00 p.m. Pacific Time.

Proposed Rule 7.34P(a)(1) – (3) would similarly provide for three trading sessions, but with several proposed differences from Rule 7.34(a):

- First, the Exchange proposes non-substantive differences in the names of the trading sessions on the Pillar trading platform. Specifically, for Pillar, the Exchange proposes to call its three trading sessions the "Early Trading Session," the "Core Trading Session," and the "Late Trading Session." The Exchange believes that the use of the term "Early Trading Session," rather than the "Opening Session," better describes when the session occurs, which is before the Core Trading Session, and therefore would be clearer to market participants. In addition, the Exchange proposes the auction that opens the "Early Trading Session" would be called the "Early Open Auction," instead of the "Opening Auction" and that the auction that opens the "Core Trading Session" would be called the "Core Open Auction" instead of the "Market Order Auction." The Exchange believes that the auctions that open the respective sessions should be named to reflect both the name of the session and that it is an opening auction for the respective session.
- Second, the Exchange proposes that all time references for the trading sessions would be to Eastern Time, and would not include references to seconds.[5] The Exchange's current rules for trading sessions use references to Pacific Time. In today's national trading environment, the Exchange believes that use of Eastern Time would reduce investor

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5 The Exchange also proposes to change the times in the definition of Core Trading Hours, which is defined in Rule 1.1(j), from Pacific to Eastern Time references.

confusion by conforming references to time to how all other exchanges denote time in their rules. The Exchange similarly believes that references to seconds in proposed Rule 7.34P are unnecessary, as none of the other Exchange rules for the beginning and end of trading sessions use seconds.

- Third, the Exchange proposes that Rule 7.34P(a)(1) regarding Early Trading Sessions would be more detailed than Rule 7.34 by adding text that is currently in Rule 7.35(a)(1), without any substantive differences.[6] Specifically, the Exchange proposes to include in Rule 7.34P(a)(1) that the Corporation[7] would begin accepting orders 30 minutes before the Early Trading Session begins. Because this rule text concerns when orders may be entered, the Exchange believes that it should be included in the rule governing trading sessions for Pillar. Proposed Rule 7.34P(a)(1) would further provide that the Early Open Auction would begin the Early Trading Session.
- Fourth, the Exchange proposes to provide that the Core Open Auction would occur during the Core Trading Session. Rule 7.34(a) currently provides that the Market Order Auction occurs during the Opening Session. Because this auction is intended to open trading for the Core Trading Session,[8] the Exchange believes it should be considered part of

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6 In a separate rule filing, the Exchange will propose Rule 7.35P, which would govern auctions in Pillar.

7 The term "Corporation" is defined in Rule 1.1(k) as NYSE Arca Equities, Inc., as described in the NYSE Arca Equities, Inc.'s Certification of Incorporation and Bylaws.

8 Rule 7.35 currently specifies that the Market Order Auction occurs at 9:30 a.m.,

the Core Trading Session, rather than the Early Trading Session. The Exchange therefore proposes to specify in proposed Rule 7.34P(a)(2) that the Core Open Auction would begin the Core Trading Session. The Exchange further proposes to specify that the Core Trading Session would end at the conclusion of Core Trading Hours or the Core Closing Auction, whichever comes later. The proposed cross reference to Core Trading Hours, which is defined in Rule 1.1(j), takes into consideration that the Core Trading Session may end earlier than 4:00 p.m. when the Exchange has an early scheduled close, e.g., the day before Christmas.

- Fifth, the Exchange proposes not to include in proposed Rule 7.34P the text currently in Rule 7.34 relating to extended Core Trading Session hours. Rules 7.34(a)(3)(A) and (B) provide that the Core Trading Session for specified securities concludes at 1:15:00 p.m. Pacific Time unless otherwise determined by the Corporation and that the Exchange would maintain on its website which securities for which the Core Trading Session would extend to 1:15:00 p.m. Because the Exchange does not have any securities for which the Core Trading Session extends to 1:15:00 p.m. Pacific Time, nor does it plan to provide for such an extended Core Trading Session for any securities, the Exchange proposes not to include this provision in proposed Rule 7.34P.
- Finally, the Exchange proposes that text currently found in Rules 7.34(a)(4), 7.34(a)(5), and 7.34(b) not be included in proposed Rule 7.34P.

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which is the same time that the Core Trading Session begins for securities that do not have an auction.

Rules 7.34(a)(4) and (5) currently describe how the Exchange handles trading halts in specified securities that occur during different trading sessions. The Exchange believes that rule text relating to halts should be centralized in a single rule and will be proposing in a separate rule filing to add the text of current Rule 7.34(a)(4) and (5) to proposed Rule 7.18P. Rule 7.34(b) sets forth Market Maker obligations to enter Q Orders for securities in which they are registered. The Exchange believes that this topic is not related to trading sessions directly and that this rule text should be included with the definition of Q Orders and therefore will be proposing in a separate rule filing to add the text of current Rule 7.34(b) to proposed Rule 7.31P.[9] Because Rule 7.34(a)(4) defines the term "Derivative Securities Product" and because that definition would not be included in proposed Rule 7.34P, the Exchange proposes to add a new definition to Rule 1.1 to define the terms Derivative Securities Product and UTP Derivative Securities Product. As proposed, the term "Derivative Securities Product" would mean a security that meets the definition of "derivative securities product" in Rule 19b-4(e) under the Securities Exchange Act of 1934[10] and a "UTP Derivatives Securities Product" would mean a Derivative Securities Product that trades on the Exchange pursuant to unlisted trading privileges.

The Exchange proposes to include the text of Rule 7.34(c) in proposed Rule

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9 The Exchange will be submitting a separate rule filing to propose Rule 7.31P, which would govern orders and modifiers in Pillar.

10 17 CFR 240.19b-4(e).

7.34P(b) with non-substantive differences and to provide more detail. Rule 7.34(c) provides that any Day Order entered into the NYSE Arca Marketplace[11] may remain in effect for one or more consecutive trading sessions on a particular day and that for each Day Order entered, the User[12] must designate for which trading session(s) the order will remain in effect. Proposed Rule 7.34P(b) would instead provide that any order entered into the NYSE Arca Marketplace must include a designation for which trading session(s) the order would remain in effect.

Proposed new Rule 7.34P(b) would also provide that an order would be eligible to participate only in the designated trading session(s) and may remain in effect for one or more consecutive trading sessions on a particular day. The Exchange further proposes to add that unless otherwise specified, an order designated for a later trading session would be accepted but not eligible to trade until the designated trading session begins. For example, if an order is entered at 8:00 a.m. Eastern Time and is designated for the Core Trading Session only, it would be accepted but would not participate in the Early Trading Session. As discussed in more detail below, proposed Rule 7.34P(c) would specify orders that may not be entered either during or in advance of a designated trading session. In addition, the Exchange proposes to add that an order designated solely for a trading session that has already ended would be rejected. For example, an order entered at 10:00 a.m. Eastern Time that is designated only for the Early Trading Session would be

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11 The term "NYSE Arca Marketplace" is defined in Rule 1.1(e) as the electronic securities communication and trading facility designated by the Board of Directors through which orders of Users are consolidated for execution and/or display.

12 The term "User" is defined in Rule 1.1(yy) as any ETP Holder or Sponsored Participant who is authorized to obtain access to the NYSE Arca Marketplace pursuant to Rule 7.29.

rejected. The Exchange believes that the proposed changes would provide transparency in Exchange rules of when orders may be entered and when orders would be rejected.

The Exchange also proposes to add in Rule 7.34P(b)(2) and (3) that an order with a day time-in-force instruction entered before or during the Early Trading Session would be deemed designated for the Early Trading Session and the Core Trading Session and that an order with a day time-in-force instruction entered during the Core Trading session would be deemed designated for the Core Trading Session. The Exchange believes that the proposed rule text provides transparency regarding which sessions during which an order may be eligible to participate.

The Exchange proposes to describe the processes currently set forth in Rule 7.34(d) in proposed Rule 7.34P(c). Rule 7.34(d) describes which orders are permitted in each session. The Exchange proposes to revise how this topic is described in proposed Rule 7.34P(c) to provide generally that orders are eligible to participate in a session, unless otherwise provided in the rule. Accordingly, rule text in Rule 7.34(d) that specifies order types that are eligible to participate in a particular session would not be included in new Rule 7.34P because the proposed new text would make it unnecessary to specify the order types eligible to participate in a particular session. Those order types that would not be eligible to participate in each of the Exchange’s three trading sessions are described below.

With respect to the Early Trading Session, the Exchange proposes in new Rule 7.34P(c)(1) to provide that, unless otherwise specified in proposed paragraphs (c)(1)(A) – (E) of the new rule, orders and modifiers defined in Rule 7.31P that have been designated for the Early Trading Session would be eligible to participate in the Early Trading

Session. The Exchange believes that the proposed rule text makes clear that unless specified in paragraphs (c)(1)(A) – (E) of new Rule 7.34P, all orders and modifiers in Rule 7.31P, if designated for the Early Trading Session, would be eligible to participate in the Early Trading Session.

Unlike under current rules, the Exchange proposes that Tracking Orders would be eligible to participate in the Early Trading Session on the Pillar trading platform. Because the Exchange routes orders during the Early Trading Session and because Tracking Orders are intended to be passive liquidity on the Exchange to interact with an order before it is routed, the Exchange believes that Tracking Orders should be available in the Early Trading Session. Accordingly, rule text from Rule 7.34(d)(1)(C) would not be included in new Rule 7.34P(c**)(**1**).**

The Exchange proposes that the following orders and modifiers in Rule 7.31P would not be eligible to participate in the Early Trading Session:

- Proposed Rule 7.34P(c)(1)(A) would provide that Market Orders, Q Orders, and Pegged Orders would not be eligible to participate in the Early Trading Session, which is current functionality. The Exchange further proposes to specify that any Market Orders, Q Orders, and Pegged Orders that include a designation for the Early Trading Session would be rejected. Such orders would be rejected if they also include a designation for another trading session; the designation for the Early Trading Session whether alone or with another designation would result in a rejection of the order. The Exchange further proposes to add that Market Pegged Orders entered before or during the Early Trading Session would be rejected regardless of the session designated for the order.[13] For example, a Market Order, Q Order, or Primary Pegged Order designated for the Core Trading Session only that is entered at 8:00 a.m. Eastern Time would be accepted, but a Market Pegged Order designated for the Core Trading Session only entered at the same time would be rejected.

- Proposed Rule 7.34P(c)(1)(B) would specify that Limit Orders designated IOC and Cross Orders would not be eligible to participate in the Early Open Auction and would be rejected if entered before the Early Open Auction concludes. The reference to Limit Orders designated IOC includes any order with an IOC instruction, including MPL Orders. Limit Orders designated IOC and Cross Orders are not currently eligible to participate in auctions, accordingly, this proposed rule change does not represent new functionality. However, the Exchange believes that the proposed change promotes transparency in Exchange rules regarding when an order would be accepted or rejected.
- Proposed Rule 7.34P(c)(1)(C) would specify that Limit Orders designated IOC and Cross Orders entered before or during the Early Trading Session and designated for the Core Trading Session only would be rejected if entered before the Core Open Auction concludes. The Exchange believes that this proposed rule would provide transparency because orders designated IOC must be eligible for an immediate execution and are not

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13 As set forth in proposed Rule 7.34P(b), orders that are entered during the Early Trading Session and designated for a later session only would be accepted and become eligible to trade once the designated trading session begins.

eligible for auctions, and an IOC order designated with a later trading session is by its terms inconsistent.

- Proposed Rule 7.34P(c)(1)(D) would provide that for securities that are not eligible for an auction on the Exchange, Market Orders designated for Core Trading Session and Auction-Only Orders would be routed directly to the primary listing market on arrival. This proposed treatment of Market Orders and Auction-Only Orders in securities that are not eligible for an auction on the Exchange would be different from current functionality.[14] Currently, Market Orders or Auction-Only Orders are routed to the primary listing market on arrival only if they include a "Primary Only" order designation. The Exchange proposes that on the Pillar trading platform, during the Early Trading Session, a Market Order or Auction-Only Order in a security that is not eligible for an auction on the Exchange would be routed to the primary listing market regardless of whether it includes a Primary Only designation. The Exchange believes that this proposed functionality would be consistent with the expectations of a User with respect to such orders, which would not be eligible for an execution on the Exchange. The Exchange proposes to further provide that any order routed directly to the primary listing market on arrival, which includes the above-described orders and Primary Only Orders,

[14] Proposed Rule 7.34P(c)(1)(D) would also represent a change to current Exchange functionality regarding MOC Orders and LOC Orders. Currently, the Exchange does not accept such orders before 9:30 a.m. Eastern Time. On the Pillar trading platform, the Exchange would accept such orders during the Early Trading Session, and if for a security that is not eligible for an auction on the Exchange, route such orders to the primary listing market if such market is accepting orders.

would be cancelled if that market is not accepting orders.

- Proposed Rule 7.34P(c)(1)(E) would provide that MOO Orders, MOC Orders, LOC Orders, and Primary Only Orders designated for the Early Trading Session would be rejected. This represents current functionality. LOO Orders may be designated for the Early Trading System in order to participate in a reopening auction following a trading halt. LOO Orders in securities not eligible for an auction on the Exchange that are designated for an Early Trading Session would be routed to the primary listing market, consistent with proposed Rule 7.34P(c)(1)(D) . The Exchange proposes to include this text in proposed Rule 7.34P in order to provide transparency of when an order would be rejected.

With respect to the Core Trading Session, the Exchange proposes in new Rule 7.34P(c)(2) to provide that, unless otherwise specified in proposed paragraphs (c)(2)(A) – (B) of the new rule, orders and modifiers defined in Rule 7.31P and 7.44P that have been designated for the Core Trading Session would be eligible to participate in the Core Trading Session.[15] The Exchange believes that the proposed rule text makes clear that, unless specified in paragraphs (c)(2)(A) – (B) of new Rule 7.34P, all orders and modifiers in Rule 7.31P and 7.44P, if designated for the Core Trading Session, would be eligible to participate in the Core Trading Session. The proposed exceptions to the general rule would be:

- Proposed Rule 7.34P(c)(2)(A) would provide that Market Orders in

[15] The Exchange notes that orders and modifiers described in Rule 7.44 governing the Retail Liquidity Program ("RLP") are eligible to participate in the Core Trading Session only. The Exchange will submit a separate rule filing to adopt Rule 7.44P to govern RLP in Pillar.

securities that are not eligible for the Core Open Auction would be routed to the primary listing market until the first opening print of any size on the primary listing market or 10:00 a.m. Eastern Time, whichever is earlier. This proposed rule text is based on current Rule 7.35(c), which states that for all exchange-listed securities for which the Exchange does not conduct a Market Order Auction, “the Corporation will route all Market Orders to the primary market until the first opening print on the primary market.” This current rule makes clear that the Exchange refrains from processing Market Orders until the primary listing market has printed a transaction, and not just opened for trading based on an opening quote. Because this rule relates to how orders are treated during a trading session, the Exchange believes that it is more appropriately included in proposed Rule 7.34P(c) than in a rule governing auctions.

In moving the rule text, the Exchange is proposing two substantive differences. First, to specify that the first opening print may include an odd-lot transaction, the Exchange proposes to provide in Rule 7.34P(c)(2)(A) that Market Orders in securities that are not eligible for the Core Open Auction would be routed to the primary listing market until the first print of any size on the primary listing market. The Exchange believes it is appropriate to include an odd-lot transaction print because such a transaction indicates that trading has begun on the primary listing market. Second, the Exchange proposes to provide for an outside time frame for when the Exchange would stop routing Market Orders to the primary listing market and begin processing those orders on the Exchange. As proposed, the Exchange would continue routing Market Orders to the primary listing market until the first print of any size on such market or 10:00 a.m. Eastern Time, whichever is earlier. The Exchange believes that if the primary listing market has not opened for trading by 10:00 a.m. Eastern Time and has not halted the security, the Exchange should begin processing Market Orders in all securities. The proposed time of 10:00 a.m. Eastern Time is based on NYSE Rule 123D and NYSE MKT Rule 123D – Equities, which provide for delayed opening procedures for NYSE- and NYSE MKT-listed securities. Specifically, under those rules, a security is considered in a delayed opening if it is not open by 10:00 a.m. Eastern Time.

- Proposed Rule 7.34P(c)(2)(B) would provide that Auction-Only Orders in securities that are not eligible for an auction on the Exchange would be accepted and routed directly to the primary listing market. This proposed rule text is a continuation of the treatment of such orders as described in proposed Rule 7.34P(c)(1)(D) in that during the Core Trading Session, the Exchange would continue to accept and route such orders directly to the primary listing market. This proposal represents a change from current practice, as Rule 7.31(t) currently provides that the Exchange does not route Auction-Only orders to other exchanges. Instead, the Exchange currently rejects Auction-Only Orders in securities that are not eligible for an auction on the Exchange, unless they include a Primary Only Order designation. In Pillar, the Exchange would accept such orders and route them to the primary listing market.[16]

With respect to the Late Trading Session, the Exchange proposes in new Rule 7.34P(c)(3) to provide that unless otherwise specified in proposed paragraphs (c)(3)(A) – (C) of the new rule, orders and modifiers defined in Rule 7.31P that have been designated for the Late Trading Session would be eligible to participate in the Late Trading Session. The Exchange believes that this proposed rule text makes clear that unless specified in paragraphs (c)(3)(A) – (C) of new Rule 7.34P, all orders and modifiers in Rule 7.31P, if designated for the Late Trading Session, would be eligible to participate in the Late Trading Session.

Unlike under current rules, the Exchange proposes that Tracking Orders would be eligible to participate in the Late Trading Session, as they would be in the Early Trading Session, on the Pillar trading platform. Because the Exchange routes orders during the Late Trading Session and because Tracking Orders are intended to be passive liquidity on the Exchange to interact with an order before it is routed, the Exchange believes that Tracking Orders should be available in the Late Trading Sessions. Accordingly, rule text from current Rule 7.34(d)(3)(C) would not be included in new Rule 7.34P(c)(3).

The Exchange proposes that the following orders and modifiers in Rule 7.31P would not be eligible to participate in the Late Trading Session:

- Proposed Rule 7.34P(c)(3)(A) would provide that Market Orders, Q Orders, and Pegged Orders would not be eligible to participate in the Late

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16 Because the treatment of Auction-Only Orders in securities that are not eligible for any auction on the Exchange would be covered in proposed Rule 7.34P, the Exchange would propose that new Rule 7.31P not include this same topic.

Trading Session, which is current functionality. The rule would further provide that Market Orders, Q Orders, and Pegged Orders that include a designation for the Late Trading Session would be rejected. For example, if a Market Order, Q Order, or Pegged Order were entered during the Core Trading Session and designated for both the Core and Late Trading Session, because it includes a designation for the Late Trading Session, such order would be rejected. The Exchange believes that this proposed rule text provides transparency in Exchange rules of when an order would be accepted or rejected.

- Proposed Rule 7.34P(c)(3)(B) would provide that orders that route directly to the primary listing market on arrival would be cancelled if that market is not accepting orders, which is current functionality.
- Proposed Rule 7.34P(c)(3)(C) would provide that MOO Orders, MOC Orders, LOC Orders, and Primary Only Orders designated for the Late Trading Session would be rejected. This represents current functionality. LOO Orders may be designated for the Late Trading System in order to participate in a reopening auction following a trading halt. LOO Orders in securities not eligible for an auction on the Exchange that are designated for an Early Trading Session would be routed to the primary listing market. The Exchange proposes to include this text in proposed Rule 7.34P in order to provide transparency of when an order would be rejected.

Proposed Rule 7.34P(d) regarding customer disclosures is based on Rule 7.34(e) with non-substantive differences to conform terminology with the proposed changes to new Rule 7.34P, including use of the term “Early Trading Session” instead of “Opening Session,” “Core Open Auction” instead of “Market Order Auction,” and “Limit Order” instead of “Limited Price Order.”

Finally, proposed Rule 7.34P(e) is based on Rule 7.34(f) without any substantive differences and would provide that trades on the NYSE Arca Marketplace executed and reported outside of the Core Trading Session would be designated as .T trades.

Order Ranking and Display

Rule 7.36 governs order ranking and display for the current Arca trading system. The rule provides that the NYSE Arca Marketplace shall display to Users and other market participants all non-marketable limit orders in the Display Order Process. The rule further provides that the NYSE Arca Marketplace will also disseminate current consolidated quotation/last sale information, and such other market information as may be available from time to time pursuant to agreement between the Corporation and other market centers.

Rule 7.36(a) sets forth that orders of Users are ranked and maintained in the Display Order Process and/or the Working Order Process of the NYSE Arca Book[17] according to price-time priority, such that within each price level, orders are organized by the time of entry in the manner described in the rule.

Rule 7.36(a)(1) describes the Display Order Process and Rule 7.36(a)(2) describes the Working Order Process. Rule 7.36(a)(3) sets forth that if an order has been modified

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17 The term “NYSE Arca Book” is defined in Rule 1.1(a) as the NYSE Arca Marketplace’s electronic file of orders, which contain all of the User’s orders in each of the Display Order, Working Order, and Tracking Order Processes.

in size, the order retains priority if the modification involves a decrease in the size of the order, but if the modification increases the size of the order or changes the price, the order will be treated as a new order and receive a new time priority. Rule 7.36(b) provides that, except as provided in Rule 7.7, all orders displayed in the Display Order Process are displayed on an anonymous basis. Finally, Rule 7.36(c) provides that the best-ranked displayed orders to buy (sell) in the NYSE Arca Book and the aggregate size of such orders are collected and made available to quotation vendors for dissemination pursuant to Rule 11Ac1-1 under the Exchange Act. The rule further provides that if non-marketable odd-lot sized orders can be aggregated to equal at least a round lot, such odd-lot sized orders will be displayed as the best ranked displayed orders to sell (buy) at the least aggressive price at which such odd-lot sized orders can be aggregated to equal at least a round lot.

Proposed Rule 7.36P would describe for the Pillar trading platform order ranking and display of orders, without any substantive differences from Rule 7.36. As discussed in detail below, the Exchange believes that the proposed new rule text provides transparency with respect to how the Exchange’s price-time priority model would operate through the use of new terminology applicable to all orders on the Pillar trading platform.

Rule 7.36P(a) would set forth definitions for purposes of all of Rule 7 Equities Trading on the Pillar trading platform, including Rule 7.37P (Order Execution and Routing), described below. The Exchange believes that these proposed definitions would provide transparency regarding how the Exchange operates, and would serve as the foundation for amendments to orders and modifiers that will be in proposed Rule 7.31P.

- Proposed Rule 7.36P(a)(1) would define the term “display price” to mean the price at which a Limit Order is displayed, which may be different from the limit price or working price of the order. For example, Rule 7.31 provides for order types that may be displayed at prices that are different from the limit price, such as a PNP Blind Order.[18] The Exchange proposes to define the term "display price" in Pillar to explain these existing concepts uniformly in Exchange rules applicable to trading on the Pillar trading platform.

- Proposed Rule 7.36P(a)(2) would define the term "limit price" to mean the highest (lowest) specified price at which a Limit Order to buy (sell) is eligible to trade. The limit price is designated by the User. As noted in the proposed definitions of display price and working price, the limit price designated by the User may differ from the price at which the order would be displayed or eligible to trade.
- Proposed Rule 7.36P(a)(3) would define the term "working price" to mean the price at which an order is eligible to trade at any given time, which may be different from the limit price or display price of an order. The new term "working price" identifies for all orders the price at which an order is eligible to trade at any given time. Some exchanges refer to this concept as the price at which an order is "ranked."[19] The Exchange believes that

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18 See Rule 7.31(e)(4). The Exchange notes that in connection with Pillar, the Exchange will be renaming the PNP Blind Order as an "Arca Only Order," which will be proposed in a separate rule filing to adopt new Rule 7.31P. See Trader Update dated March 2, 2015, available here: https://www.nyse.com/publicdocs/nyse/markets/nyse/Pillar_Trader_Update_Mar_2015.pdf.

19 See, e.g., BATS Exchange, Inc. Rule 11.9(g)(1)(A) (referring to where an order is

the term “working price” would provide clarity regarding the price at which an order may be executed at any given time. Specifically, the Exchange believes that use of the term “working” denotes that this is a price that is subject to change, depending on circumstances. The Exchange will be using this term in connection with orders and modifiers when it files a separate rule filing to adopt Rule 7.31P.

- Proposed Rule 7.36P(a)(4) would define the term “working time” to mean the effective time sequence assigned to an order for purposes of determining its priority ranking. The Exchange proposes to use the term “working time” in its rules for trading on the Pillar trading platform instead of terms such as “time sequence” or “time priority,” which are used in rules governing trading on the Exchange’s current system. The Exchange believes that use of the term “working” denotes that this is a time assigned to an order for purpose of ranking and is subject to change, depending on circumstances.

Proposed Rule 7.36P(b) would govern the display of non-marketable Limit Orders on the Pillar trading system and is intended to be comparable to the preamble to Rule 7.36, without any substantive differences. As proposed, the Exchange would display all non-marketable Limit Orders, unless the order or modifier instruction specifies that all or a portion of the order is not to be displayed.

The Exchange proposes to define in proposed Rule 7.36P(b)(1) what it means for an order to be displayed for ranking purposes. As proposed, an order would be

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“ranked” as the price of an order).

considered displayed for ranking purposes if the price, side, and size of the order are disseminated via a market data feed, which includes a proprietary market data feed of the Exchange. As further proposed, odd-lot sized Limit Orders and the displayed portion of Reserve Orders would be considered displayed for ranking purposes. This proposed rule text is intended to provide transparency in Exchange rules regarding which orders are considered displayed for ranking purposes, and therefore eligible to be considered Priority 2 – Display Orders (described below). Specifically, odd-lot sized orders are displayed on the Exchange's proprietary data feed and would be displayed on the public feed if aggregated to equal a round lot or more would thus be considered "displayed" orders for purposes of priority ranking.

Proposed Rule 7.36P(b)(2) would be comparable to Rule 7.36(b) without any substantive differences and would provide that except as otherwise permitted by Rule 7.7,[20] all non-marketable displayed Limit Orders would be displayed on an anonymous basis. The Exchange proposes not to include reference to the Display Order Process in Rule 7.36P(b)(2) because, as discussed above, the Exchange is not proposing to use that terminology in Pillar.

Finally, proposed Rule 7.36P(b)(3) would be comparable to Rule 7.36(c) regarding dissemination, without any substantive differences. The Exchange proposes to use the term "will" in Proposed Rule 7.36P(b)(3) instead of "shall." In addition, the Exchange would not include in proposed Rule 7.36P rule text from the second sentence of the preamble to Rule 7.36. The Exchange is a participant in the CQ Plan and CTA

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[20] Rule 7.7 provides that bids and offers disseminated by the Exchange will not include an ETP Holder's identify unless the ETP Holder affirmatively elects to disclosed its identify.

Plan for Tape A- and B-listed securities and a participant in the Nasdaq UTP Plan for Tape C-listed securities. The respective governing documents of those plans set forth the Exchange's obligations regarding dissemination of quotes and last-sale information and thus, the Exchange does not believe it is necessary to duplicate a subset of those requirements in its rules. Finally, the Exchange proposes to cite to the governing federal rule by referencing Rule 602 of Regulation NMS[21] instead of Rule 11Ac1-1 under the Exchange Act, which was superseded by Regulation NMS.

Proposed Rule 7.36P(c) would describe the Exchange's general process for ranking orders and would be comparable to the text immediately following Rule 7.36(a), without any substantive differences. As proposed, Rule 7.36P(c) would provide that all non-marketable orders would be ranked and maintained in the NYSE Arca Book according to price-time priority in the following manner: (1) price; (2) priority category; (3) time; and (4) ranking restrictions applicable to an order or modifier condition. Accordingly, orders would be first ranked by price. Next, at each price level, orders would be assigned a priority category. Orders in each priority category would be required to be exhausted before moving to the next priority category. Within each priority category, orders would be ranked by time. These general requirements for order ranking are applicable to all orders, unless an order or modifier has a specified exception to this ranking methodology, as described in more detail below. The Exchange is proposing this ranking description instead of using the concepts of a Display Order Process, Working Order Process, and Tracking Order Process in Rule 7.36. However, substantively there would be no difference in how the Exchange ranks orders on the Pillar

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[21] 17 CFR 242.602.

trading platform from how it ranks orders in in the current trading system. For example, a non-displayed order would always be ranked after a displayed order at the same price, even if the non-displayed order has an earlier working time.

To provide transparency regarding the Exchange's ranking process, the Exchange proposes to set forth in Rule 7.36P additional detail regarding each step. Proposed Rule 7.36P(d) would describe how orders are ranked based on price. Specifically, as proposed, all orders would be ranked based on the working price of an order. Orders to buy would be ranked from highest working price to lowest working price and orders to sell would be ranked from lowest working price to highest working price. The rule would further provide that if the working price of an order changes, the price priority of an order would change. This price priority is current functionality, but the new rule would use the proposed term "working price." The Exchange believes the proposed rule text provides transparency regarding the price-ranking process at the Exchange.

Proposed Rule 7.36P(e) would describe the proposed priority categories for ranking purposes. As proposed, at each price point, all orders would be assigned a priority category. If at a price point there are no orders in a priority category, the next category would have first priority. The proposed rules applicable to the Pillar trading platform would not use the terms "Display Order Process," "Working Order Process" and "Tracking Order Process" for describing priority categories. The Exchange does not believe that Rule 7.36P, which sets forth the general rule regarding ranking, should provide specifics for one or more order types and therefore the Exchange will address separately in new Rule 7.31P governing orders and modifiers which priority category correlates to order types and modifiers. Accordingly, details regarding which proposed priority categories would be assigned to the display and reserve portions of Reserve Orders, which is in Rule 7.36, will be addressed in new Rule 7.31P and therefore not be included in proposed Rule 7.36P, except as described below.

The proposed priority categories would be:

- Proposed Rule 7.36P(e)(1) would specify "Priority 1 – Market Orders," which provides that unexecuted Market Orders would have priority over all other same-side orders with the same working price. This proposed priority is the same as current Exchange priority rules under which resting Market Orders have priority over other orders at the same price.[22] Circumstances when an unexecuted Market Order would be eligible to execute against an incoming contra-side order include when a Market Order has exhausted all interest at the NBBO and is waiting for an NBBO update before executing again, pursuant to Rule 7.31(a), or when a Market Order is held unexecuted because it has reached a trading collar, pursuant to Rule 7.31(a)(3)(A). In such circumstances, the unexecuted Market Order(s) would have priority over all other resting orders at that price.
- Proposed Rule 7.36P(e)(2) would specify "Priority 2 – Display Orders." This proposed priority category would replace the "Display Order Process." As proposed, non-marketable Limit Orders with a displayed working price would have second priority. For an order that has a display price that differs from the working price of the order, if the working price is not displayed, the order would not be ranked Priority 2 at the working

[22] This priority is currently specified in Rule 7.16(f)(viii).

price.

- Proposed Rule 7.36P(e)(3) would specify "Priority 3 – Non-Display Orders." This priority category would be used in Pillar rules, rather than the "Working Order Process." As proposed, non-marketable Limit Orders for which the working price is not displayed, including the reserve interest of Reserve Orders, would have third priority.
- Proposed Rule 7.36P(e)(4) would specify "Priority 4 – Tracking Orders." This priority category would replace the "Tracking Order Process," as discussed in further detail below in connection with proposed Rule 7.37P. As proposed, Tracking Orders would have fourth priority.

Proposed Rule 7.36P(f) would set forth that within each priority category, orders would be ranked based on time priority.

- Proposed Rule 7.36P(f)(1) would provide that an order is assigned a working time based on its original entry time, which is the time an order is first placed on the NYSE Arca Book. This proposed process of assigning a working time to orders is current functionality and is substantively the same as current references to the "time of original order entry" found in several places in Rule 7.36. To provide transparency in Exchange rules, the Exchange further proposes to include in proposed Rule 7.36P(f) how the working time would be determined for orders that are routed. As proposed:
    - Proposed Rule 7.36P(f)(1)(A) would specify that an order that is

fully routed to an Away Market[23] on arrival would not be assigned a working time unless and until any unexecuted portion of the order returns to the NYSE Arca Book. The Exchange notes that this is the current process for assigning a working time to an order and proposes to include it in Exchange rules to provide transparency regarding what is considered the working time of an order that was fully routed on arrival.

- Proposed Rule 7.36P(f)(1)(B) would specify that for an order that is partially routed to an Away Market on arrival, the portion that is not routed would be assigned a working time. If any unexecuted portion of the order returns to the NYSE Arca Book and joins any remaining resting portion of the original order, the returned portion of the order would be assigned the same working time as the resting portion of the order. If the resting portion of the original order has already executed and any unexecuted portion of the order returns to the NYSE Arca Book, the returned portion of the order would be assigned a new working time. This process for assigning a working time to partially routed orders is the same as currently used by the Exchange. The Exchange proposes to include this detail in Exchange rules to provide transparency regarding what is

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23 The Exchange proposes Rule 1.1(ffP), which would define the term "Away Market." The proposed definition is based on the existing definition of "NOW Recipient," which is a term that the Exchange would not be using in Pillar. For Pillar, the proposed definition of "Away Market" would reference the term "alternative trading system" instead of ECN.

considered the working time of an order.

- Proposed Rule 7.36P(f)(2) would provide that an order would be assigned a new working time any time the working price of an order changes. This proposed rule text would be based on the rule text in Rule 7.36(a)(3), without any substantive differences. A change to the working price could be because of a User's instruction or because the order or modifier has a price that can change based on a reference price, such as an MPL Order, which is priced based on the PBBO.
- Proposed Rule 7.36P(f)(3) would provide that an order would be assigned a new working time if the size of the order increases and that an order would retain its working time if the size of the order is decreased. This proposed rule text would be based on rule text in the first and second sentences of Rule 7.36(a)(3), without any substantive differences.
- Proposed Rule 7.36P(f)(4) would provide that an order retains its working time if the order marking is changed from: (A) sell to sell short; (B) sell to sell short exempt; (C) sell short to sell; (D) sell short to sell short exempt; (E) sell short exempt to sell; and (F) sell short exempt to sell short. This rule text would use for the Pillar trading platform rules the same rule text as in Rule 7.16(f)(viii), without any substantive differences. The Exchange proposes to include the text from Rule 7.16(f)(viii) regarding order priority when changing order marking to Rule 7.36P to consolidate ranking in a single rule.

Proposed Rule 7.36P(g) would specify that the Exchange would enforce ranking restrictions applicable to specified order or modifier instructions. These order and modifier instructions would be identified in proposed new Rules 7.31P and 7.44P, which the Exchange will submit in a rule filing prior to implementing the Pillar trading platform.

In addition, the Exchange proposes a definition in Rule 1.1(aP) of NYSE Arca Book that would be applicable to the Pillar rules. The proposed definition would differ from the current definition of NYSE Arca Book in Rule 1.1(a) in that it would not include references to the terms "Display Order Process," "Working Order Process," and "Tracking Order Process," which as discussed above, are terms that will not be used in Pillar. As proposed, new Rule 1.1(aP) would provide that the term "NYSE Arca Book" refers to the NYSE Arca Marketplace's electronic file of orders, which contains all orders entered on the NYSE Arca Marketplace.

Order Execution and Routing

Current Rule 7.37, titled "Order Execution," governs order execution and routing at the Exchange. The preamble to the rule provides that like-priced orders, bids and offers shall be matched for execution following steps 1 through 4 of the rule, provided, however, for an execution to occur in any Order Process, the price must be equal to or better than (1) the PBBO, in the case of a Limit Order or Q Order or (2) the NBBO in the case of an Inside Limit Order, a Pegged Limit Order, or a Market order. If such an order is not executable within those parameters, the rule provides that it may be routed to away markets as provided in Rule 7.37(d).

The rule then sets forth steps 1 through 4. Step 1 is the Display Order Process, which provides that incoming orders are first matched for execution against other orders in the Display Order process. The rule provides further specificity regarding how certain orders are ranked. The rule also sets forth that the size of an incoming Reserve Order includes both the displayed and reserve size and the size of the portion of the Reserve Order resident in the Display Order Process is equal to its displayed size. If an incoming marketable order is not executed in its entirety, the remaining part of the order is routed to the "Working Order" process. The rule further provides that an incoming order that is not marketable enters the Working Order Process to execute against any Discretionary Orders at or better than the NBBO.

Step 2 is the Working Order Process, which provides that incoming marketable orders are matched against orders in the Working Order process by the order of ranking of the orders in the Working Order Process. The rule sets forth how specified orders, such as Discretionary Orders, interact within the Working Order Process. The rule further provides that if the incoming marketable order has not been executed in its entirety, the remaining portion of the order shall be routed to the Tracking Order Process.

Step 3 is the Tracking Order Process, which is currently available during Core Trading Hours only. In the Tracking Order Process, if an order that is eligible to route to an away market has not been executed in its entirety under Steps 1 through 2, the NYSE Arca Marketplace shall match and execute any remaining part of such order in the Tracking Order Process in time/price priority.

Step 4 sets forth the Exchange's process for routing away and specifies certain orders that are not eligible to be routed. For orders that are eligible to be routed, the rule specifies that if the order is designated as a Market, Inside Limit, or Pegged Order, the

Exchange shall utilize all available quotes in the routing determination, or if the order is designated as a Limit Order, the Exchange shall utilize available Protected Quotations in the routing determination. The rule sets forth additional detail that orders will be routed as Intermarket Sweep Orders ("ISO") and any remaining portion of the order will be ranked and displayed in the NYSE Arca Book pursuant to Rule 7.36.

The rule further provides that an order that is routed away shall remain outside the NYSE Arca Marketplace for a prescribed period of time and may be executed in whole or in part subject to the applicable trading rules of the relevant market center or market participant and that when an order remains outside the NYSE Arca Marketplace, it will have no time standing relative to other orders received from Users at the same price that may be executed against the NYSE Arca Book. The rule also provides that when an order is outside the NYSE Arca Marketplace, it will not have time standing in the NYSE Arca Book. Finally, with respect to routing, the rule provides that for an order that is eligible to route away, Users may instruct NYSE Arca to bypass any market centers that are not posting Protected Quotations within the meaning of Regulation NMS.

Rule 7.37(e), (f), and (g) set forth how the Exchange operates consistent with Regulation NMS for locking and crossing quotations and specified exceptions to Regulation NMS, including the self-help exception; ISO Exception; single price openings, reopenings, and closing transactions; benchmark trades; stopped orders; and the contingent order exemption.

Commentary .01 to Rule 7.37 sets forth the Exchange's use of data feeds for the handling, execution, and routing of orders, as well as for regulatory compliance.

The Exchange proposes Rule 7.37P to describe the order execution and routing rules for the Pillar trading platform. Proposed Rule 7.37P would not be substantively different from Rule 7.37. The Exchange proposes that the title for new Rule 7.37P would be "Order Execution and Routing." The title of Rule 7.37 is "Order Execution." The Exchange believes that because Rule 7.37P, like Rule 7.37, would include the Exchange's routing procedures, referencing to "Routing" in the rule's title would provide additional transparency in Exchange rules regarding what topics would be covered in new Rule 7.37P.

Proposed Rule 7.37P(a) and its subsections would set forth the Exchange's order execution process and would cover the same subject as the preamble to Rule 7.37, without any substantive differences. As proposed, an incoming marketable order would be matched for execution against contra-side orders in the NYSE Arca Book according to the price-time priority ranking of the resting orders, subject to specified parameters. Proposed Rule 7.37P(a)(1) would provide that orders that are routed to an Away Market on arrival would not be assigned a working time or be matched for execution on the NYSE Arca Book. This provision would apply to orders that the Exchange routes based on the time an order is entered, e.g., a Market Order in a security that is not eligible for an auction on the Exchange that is entered during the Early Trading Session, or an order with an instruction to route directly to the primary market on arrival, e.g., a Primary Only Order. The Exchange believes that the proposed rule provides transparency that an order that is intended to route on arrival would not be subject to order execution at the Exchange.

Proposed Rule 7.37P(a)(2) would provide that, unless an order qualifies for an exception to the Order Protection Rule in Rule 611 of Regulation NMS,[24] orders will not trade at prices that would trade through a protected quotation.[25] Proposed Rule 7.37P(a)(3) would provide that Limit Orders would be executed at prices equal to or better than the PBBO and proposed Rule 7.37P(a)(4) would provide that Market Orders and Inside Limit Orders would be executed at prices equal to or better than the NBBO. The proposed rule for the Pillar trading platform is based on existing requirements as set forth in the preamble to Rule 7.37 and is consistent with the order processing of Market Orders, Limit Orders, and Inside Limit Orders as set forth in Rule 7.31.

As discussed above, the Exchange proposes to eliminate the terminology associated with the Display Order Process, Working Order Process, and Tracking Order Process. Therefore, similar to proposed Rule 7.36P, the Exchange would not include these terms in new Rule 7.37P. Moreover, the Exchange does not believe that it is necessary to restate in new Rule 7.37P the Exchange's ranking process, which would be set forth in proposed Rule 7.36P. In addition, consistent with the Exchange's proposed approach to new Rule 7.34P and 7.37P, the Exchange proposes to eliminate, where feasible, reference to specific order types and instead state the Exchange's general order execution methodology. Any exceptions to such general requirements would be set forth in connection with specific order or modifier definitions in proposed Rule 7.31P. Accordingly, the Exchange will not include in new Rule 7.37P the process currently

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24 17 CFR 242.611.

25 The term "trade through" is defined in Rule 1.1(fff) as the purchase or sale of an NMS stock during regular trading hours, either as principal or agent, at a price that is lower than a Protected Bid or higher than a Protected Offer. The term "protected quotation" is defined in Rule 1.1(eee) as a quotation that is a Protected Bid or a Protected Offer, and those terms are defined in the rule as well.

referred to as “Step 3” and instead, details regarding how Tracking Orders would operate would be included in proposed Rule 7.36P(e)(3), as discussed above regarding ranking priority assigned to Tracking Orders, and new Rule 7.31P.

Proposed Rule 7.37P(b) would set forth the Exchange’s order routing process and is intended to cover the same subject as Rule 7.37(d), which is currently referred to as “Step 4” in order processing, without any substantive differences. Proposed Rule 7.37P(b) would provide that unless an order has an instruction not to route, after being matched for execution with any contra-side orders in the NYSE Arca Book pursuant to proposed Rule 7.37P(a), marketable orders would be routed to Away Markets.

The proposed rule would then set forth additional details regarding routing:

- Proposed Rule 7.37P(b)(1) would provide that an order that cannot meet the pricing parameters of proposed Rule 7.37P(a) may be routed to Away Market(s) before being matched for execution against contra-side orders in the NYSE Arca Book. The Exchange believes that this proposed rule text provides transparency that an order may be routed before being matched for execution, for example, to prevent locking or crossing or trading through a protected quotation.
- Proposed Rule 7.37P(b)(2) would provide that if an order with an instruction not to route would trade through or lock or cross a protected quotation and is not eligible for an exception to either Rule 610 or 611 of Regulation NMS,[26] it would cancel, re-price, or be held undisplayed on the NYSE Arca Book, as provided for in Rules 7.31P and 7.44P.

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[26] 17 CFR 242.610 and 17 CFR 242.611.

- Proposed Rule 7.37P(b)(3) would provide that orders eligible to route would be routed to all available Away Markets unless the order includes an instruction to bypass market centers that are not displaying protected quotations. This rule text covers the subject matter of current Rule 7.37(d)(2)(A), 7.37(d)(2)(B), and 7.37(d)(4), with no substantive differences. As with current functionality, proposed Rule 7.37P(b)(1) specifies that all Away Markets, as defined in proposed Rule 1.1(ffP), would be considered as part of the routing determination unless the User has opted out of routing to Away Markets that do not display protected quotations.
- Proposed Rule 7.37P(b)(4) would provide that Limit Orders that are routed to Away Market(s) may be routed to more than one price level, up (down) to the limit price of an order to buy (sell). This represents current routing functionality and means that a Limit Order may be routed to more than just the top of book bid or offer of an Away Market, provided that the order would not be routed to prices that are outside of the limit price of the order and consistent with Rule 611 of Regulation NMS,[27] as provided for in proposed Rule 7.37P(a)(2). The Exchange believes that including this level of detail in the rule provides transparency regarding the potential for an order to be routed to more than one price level on an Away Market. The Exchange believes that routing to depth of Away Markets provides a greater opportunity for an order to be executed in full.

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[27] 17 CFR 242.611.

- Proposed Rule 7.37P(b)(5) would provide that, except for orders routed to the primary listing market on arrival pursuant to Rule 7.34P or designated to route to the primary listing market pursuant to Rule 7.31P, orders routed to Away Markets would be sent as IOC ISOs. This routing is based on current Rule 7.37(d)(2)(B)(i) with no substantive differences.
- Proposed Rule 7.37P(b)(6) would provide that after any order or portion thereof that has been routed would not be eligible to trade on the NYSE Arca Book, unless all or a portion of the order returns unexecuted. This routing methodology is current functionality and covers that same subject as current Rule 7.37(d)(2)(C) and (D), with no substantive differences. In contrast to Rule 7.37(d)(2)(C) and (D), however, the Exchange proposes that Rule 7.37P(b)(6) would focus on the fact that once routed, an order would not be eligible to trade on the Exchange, rather than stating the obvious that it would be subject to the routing destination's trading rules once routed. In addition, because, as discussed above, the working time assigned to orders that are routed is being proposed to be address in new Rule 7.36P(f)(1)(A) and (B), the Exchange believes it would be duplicative to restate this information in new Rule 7.37P.
- Proposed Rule 7.37P(b)(7) would set forth how the Exchange would process requests to cancel orders that have been routed. Rule 7.37(d)(2)(E) currently provides that requests from Users to cancel their orders while the order is routed away to another market center or market participant and remains outside the NYSE Arca Marketplace shall be

processed, subject to the applicable trading rules of the relevant market center or market participant.

The Exchange proposes to specify in new Rule 7.37P(b)(7)(A) that requests to cancel orders that are eligible to be matched for execution against orders in the NYSE Arca Book would not be processed unless and until all or a portion of the order returns unexecuted. New Rule 7.37P(b)(7)(B) would specify that for orders routed to the primary listing market on arrival pursuant to Rule 7.34P or designated to route to the primary listing market pursuant to Rule 7.31P, requests to cancel would be routed to the primary listing market, which is current functionality. New Rule 7.37P(b)(7)(C) would provide, as currently set forth in Rule 7.31(x) regarding Primary Only Orders, for MOC Orders or LOC Orders in NYSE- or NYSE MKT-listed securities, requests to cancel or reduce in size that are electronically entered after the times specified in NYSE Rules 123C(3)(b) and NYSE MKT Rule 123C(3)(b) – Equities and Supplementary Material .40 to those rules would be rejected.[28] The Exchange proposes to include this text in proposed Rule 7.37P(b)(7)

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[28] NYSE Rule 123C(3)(b) and NYSE MKT Rule 123C(3)(b) – Equities provide that between 3:45 p.m. and 3:58 p.m., MOC and LOC Orders may be cancelled or reduced in size only to correct a legitimate error, and NYSE Rule 123C(3)(c) and NYSE MKT Rule 123C(3)(c) provide that MOC and LOC Orders may not be cancelled or reduced in size at all after 3:58 p.m. Supplementary Material .40 to those rules provides, among other things, that the times specified in those rules will be adjusted based on the early scheduled closing time and references to 4:00 p.m. mean the early scheduled close, 3:45 p.m. means 15 minutes before the early scheduled close, and 3:58 p.m. means two minutes before the early scheduled close.

because it concerns how the Exchange would process requests to cancel orders with instructions to route on arrival. By including this rule text in proposed Rule 7.37P, the proposed processing of electronically entered requests to cancel MOC or LOC Orders in NYSE- or NYSE MKT-listed securities would also apply to such orders that do not include a Primary Only Order designation, but which, pursuant to Rule 7.34P, would be routed to the primary listing market on arrival. The Exchange believes that the proposed changes would provide transparency regarding how requests to cancel orders that have been routed would be processed in Pillar, which would not be substantively different from how the Exchange's current trading system operates.

- Proposed Rule 7.37P(b)(8) would provide that an order marked "short" when a short sale price test restriction is in effect would not be routed. Instead of routing, the Exchange would reprice or cancel the order consistent with Rule 7.16, which will be proposed as Rule 7.16P in a separate rule filing for Pillar.

The Exchange believes the specific routing methodologies for an order type or modifier should be included with how the order type is defined, which will be in Rule 7.31P. Accordingly, the Exchange does not believe it needs to specify in new Rule 7.37P whether an order is eligible to route, and if so, whether there are any specific routing instructions applicable to the order and therefore will not be carrying over such specifics that are included in Rule 7.37.

The remaining proposed rule text of Rule 7.37P is based on Rule 7.37, with limited non-substantive differences:

- Proposed Rule 7.37P(c) would provide that after executing with eligible contra-side interest on the NYSE Arca Book and/or returning unexecuted after routing to Away Market(s), any unexecuted non-marketable portion of an order would be ranked consistent with new Rule 7.36P. This rule represents current functionality and is based on Rule 7.37(d)(3) without any substantive differences.
- Proposed Rule 7.37P(d) would set forth the Exchange's use of data feeds, and includes the rule text that is currently set forth in Commentary .01 to Rule 7.37, without any substantive differences. Proposed Rule 7.37P(d)(1) would not include the clause "away market quotes disseminated by" as unnecessary language, with the proposed rule text using the proposed defined term "Away Markets" as follows, "[t]he Exchange receives data feeds directly from broker dealers for purposes of routing interest to Away Markets that are not displaying protected quotations."
- Proposed Rule 7.37P(e) would set forth the same rule text from Rule 7.37(e) regarding locking or crossing quotations in NMS stocks with a non-substantive difference to update a cross-reference in the rule to rule numbering in Rule 7.37P. The Exchange proposes an additional non-substantive difference to specify in Rule 7.37P(e)(3) that the prohibition against Locking and Crossing Quotations in paragraph Rule 7.37P(e)(2)

would not apply in the circumstances specified in Rules 7.37P(e)(3)(A) – (C). Proposed Rules 7.37P(e)(3)(A) – (C) is rule text that is identical to Rule 7.37(e)(3)(A) – (C).

- Proposed Rule 7.37P(f) would set forth the exceptions to the Order Protection Rule[29] and would enumerate the self-help exception in Rule 7.37P(f)(1), which is based on Rule 7.37(f) regarding Self-Help Exceptions, with two proposed modifications. The Exchange would not include the second sentence of Rule 7.37(f)(1), which provides that the Exchange will disregard another Trading Center's bid and offer if the other Trading Center has repeatedly failed to respond within one second to an incoming IOC order after adjusting for order transmission time, in new Rule 7.37P(f)(1). The self-help exception set forth in Rule 611(b)(1) of Regulation NMS[30] and related Securities and Exchange Commission staff guidance regarding this exception[31] does not require trading centers to use the self-help exception if a destination trading trading center fails to respond within one second to an incoming IOC order, but state that such a failure would justify use of the exception. Rather, a trading center is free to adopt reasonable policies and procedures consistent with the flexible

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[29] 17 CFR 242.611(b).

[30] 17 CFR 611(b)(1).

[31] See Question 4.07, "Responses to Frequently Asked Questions Concerning Rule 611 and Rule 610 of Regulation NMS," available at https://www.sec.gov/divisions/marketreg/nmsfaq610-11.htm ("Beyond this basic parameter of repeated failure to turn around an IOC order within one second, trading centers are free to adopt reasonable policies and procedures that are consistent with the flexible purposes of the self-help exception.").

purposes of the self-help exception. Because the Exchange does not use the method described in the second sentence of current Rule 7.37(f)(1) to determine whether to declare self-help, the Exchange proposes not to include it in new Rule 7.37P(f)(1). Second, Rule 7.37(f)(1)(B) provides that the Exchange follows "published NYSE Arca policies and procedures for electing the self-help exception." Because the Exchange publishes those policies and procedures internally only, to reduce investor confusion, the Exchange proposes to modify the text in proposed Rule 7.37P(f)(1)(B) to provide instead that the Exchange would follow "established NYSE Arca policies and procedures for electing the self-help exception."

Proposed Rules 7.37P(f)(2) – (4) are based on the rule text from Rule 7.37(g) regarding Additional Exceptions to the Order Protection Rule, with non-substantive differences to reflect different rule numbering and update the rule text to reflect current operations. First, the Exchange proposes not to include the first and third sentences of Rule 7.37(g)(1) in proposed Rule 7.37P(f)(2)(A) relating to the Intermarket Sweep Order Exception because when executing or displaying ISOs that it receives from ETP Holders, it is the responsibility of the entering broker dealer and not the Exchange to simultaneously route ISOs. Therefore, the current rule text does not represent how the Exchange operates, nor does it reflect the requirements of Regulation NMS. The Exchange proposes additional non-substantive differences to the rule text relating to this exception to update references, for example, to refer to NYSE Arca's best bid or best offer rather than its own protected quotation and remove reference to the "NYSE Arca System."

Second, the Exchange proposes not to include the second sentence of Rule 7.37(g)(3) relating to how the Exchange would conduct a single-price reopening in proposed Rule 7.37P(f)(3). To reduce investor confusion and promote transparency in its rules, the Exchange believes that its rule governing auctions should set forth how the Exchange conducts a single-price auction to reopen a stock following a trading halt. Third, the Exchange proposes not to include current Rule 7.37(g)(5) text regarding Stopped Orders because the Exchange does not currently, and will not in Pillar, support Stopped Orders on the Exchange. Finally, the Exchange proposes not to include current Rule 7.37(g)(6) text regarding transactions other than "regular-way" contracts because in Pillar, the Exchange would not execute any orders on terms other than standardized terms and conditions, i.e., "regular way" contracts.

Proposed Rule 7.37P(f)(5) regarding the Contingent Order Exemption from the Order Protection Rule is based on rule text from Rule 7.37(h) regarding Exemptions with different rule numbering and one substantive difference. Rule 7.37(g)(2) specifies the requirements to meet the qualified contingent trade exemption to Rule 611(a) of Regulation NMS[32]

[32] 17 CFR 242.611(a).

> and are based on the requirements specified in the Commission's Order granting an exemption for qualified contingent trades.[33] Rule 7.37(f)(2)(G) currently specifies the original requirement that the exempted transaction must be part of a contingent trade that involves at least 10,000 shares or has a market value of at least $200,000. The Commission later modified the exemption for qualified contingent trades to remove that size condition.[34] The Exchange therefore proposes not to include in its proposed Rule 7.37P(f)(2)(D) the size requirement.

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As discussed above, because of the technology changes associated with the migration to the Pillar trading platform, the Exchange will announce by Trader Update when rules with a "P" modifier will become operative and for which symbols. The Exchange believes that keeping existing rules on the book pending the full migration of Pillar will reduce confusion because it will ensure that the rules governing trading on a trading platform will continue to be available pending the full migration.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Securities Exchange Act of 1934 (the "Act"),[35] in general, and furthers the objectives of Section

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33 See Securities Exchange Act Release No. 54389 (August 31, 2006), 71 FR 52829 (September 7, 2006) (Order Granting an Exemption for Qualified Contingent Trades from Rule 611(a) of Regulation NMS under the Securities Exchange Act of 1934).

34 See Securities Exchange Act Release No. 57620 (April 4, 2008), 73 FR 19271 (April 9, 2008) (Order Modifying the Exemption for Qualified Contingent Trades from Rule 611(a) of Regulation NMS under the Securities Exchange Act of 1934).

35 15 U.S.C. 78f(b).

6(b)(5),[36] in particular, because it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to, and perfect the mechanism of, a free and open market and a national market system and, in general, to protect investors and the public interest. The Exchange believes that the proposed rules to support Pillar would remove impediments to and perfect the mechanism of a free and open market because the proposed rule set would promote transparency in Exchange rules by using consistent terminology governing equities trading, thereby ensuring that members, regulators, and the public can more easily navigate the Exchange’s rulebook and better understand how equity trading is conducted on the Exchange. Adding new rules with the modifier “P” to denote those rules that would be operative for the Pillar trading platform would remove impediments to and perfect the mechanism of a free and open market by providing transparency of which rules govern trading once a symbol has been migrated to the Pillar platform.

The Exchange believes that the proposed restructuring in new Rules 7.34P, 7.36P, and 7.37P would remove impediments to and perfect the mechanism of a free and open market by assuring consistency of terms used in the Exchange’s rulebook. The proposed revisions to the Exchange’s equity trading rules to reflect terminology associated with Pillar would remove impediments to and perfect a free and open market because the proposed changes are designed to simplify the structure of the Exchanges rules and permit the use of consistent terminology throughout numerous rules, without changing the underlying functionality. For example, the Exchange believes the proposed

[36] 15 U.S.C. 78f(b)(5).

definitions set forth in Rule 7.36P, i.e., display price, limit price, working price, and working time, promote transparency in Exchange rules and make them easier to understand because these proposed definitions will serve as the foundation for additional rule changes to support Pillar.

The Exchange further believes that moving specified rule text that relates to specific order types that is set forth in Rules 7.34, 7.36 and 7.37 to proposed Rule 7.31P (which will be the subject of a separate filing), and therefore not include such detail in proposed Rules 7.34P, 7.36P and 7.37P, would make Exchange rules easier to navigate because information regarding how a specific order type would operate would be in a single location in the Exchange's rule book.

With respect to proposed Rule 7.34P, the Exchange believes that the proposed changes to functionality would remove impediments to and perfect the mechanism of a fair and orderly market. First, the Exchange believes that because an auction that opens a trading session should occur within that trading session, it would remove impediments to and perfect the mechanism of a fair and orderly market for the Core Open Auction to occur during the Core Trading Session instead of the Early Trading Session. Second, the Exchange believes that the proposed change to route to the primary listing market Market Orders and Auction-Only Orders in symbols that are not eligible for an execution on the Exchange would remove impediments to and perfect the mechanism of a free and open market by ensuring that such orders reach a destination where they may be eligible to obtain an execution or participate in an auction. This is current functionality, but it is only available for orders that have been designated as "Primary Only." Expanding this functionality to orders that do not include that designation would also protect investors and the public interest by enabling such interest to reach a destination where it is more likely to obtain an execution opportunity or participate in an auction. Finally, the Exchange believes that making Tracking Orders available during the Early and Late Trading Sessions would remove impediments to and perfect the mechanism of a free and open market by providing additional execution opportunities on the Exchange through the availability of additional passive liquidity.

With respect to proposed Rules 7.36P and 7.37P, as discussed above, the Exchange is not proposing any functional changes to how it ranks, displays, executes, or routes orders. The Exchange believes, however, that the proposed rule text promotes transparency through the use of consistent terminology that will serve as the foundation for additional Pillar-related rule proposals. The Exchange also believes that adding more detail regarding current functionality in new Rules 7.34P, 7.36P, and &.37P, as described above, would promote transparency by providing notice of when orders would be accepted, routed, rejected, cancelled, or be assigned a working time by the Exchange.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed change is not designed to address any competitive issue but rather to adopt new rules to support the Exchange's new Pillar trading platform. As discussed in detail above, with this rule filing, the Exchange is not proposing to change its core functionality regarding its price-time priority model, and in particular, how it would rank, display, execute or route orders in Pillar. Rather, the Exchange believes that the proposed rule change would promote consistent use of terminology to support the Pillar trading platform making the Exchange's rules easier to navigate.

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

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

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the Federal Register or up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve or disapprove the proposed rule change, or

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

IV. Solicitation of Comments

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

Electronic comments:

- Use the Commission's Internet comment form (http://www.sec.gov/rules/sro.shtml); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NYSEARCA-2015-38 on the subject line.

Paper comments:

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NYSEARCA-2015-38. 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-NYSEARCA-2015-38 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.[37]

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[37] 17 CFR 200.30-3(a)(12).

Kevin M. O’Neill
Deputy Secretary

Exhibit 5

Additions: Underlined
Deletions: [Bracketed]

Rules of NYSE Arca Equities, Inc.

RULE 1 DEFINITIONS

Definitions with a paragraph designation that includes a "P" modifier are operative for symbols that are trading on the Pillar trading platform. A definition with the same paragraph designation as a definition with a "P" modifier will not be operative for symbols trading on the Pillar trading platform. Definitions that do not have a companion a version with a "P" modifier are operative for all symbols.

Rule 1.1. Definitions

Whenever and wherever used herein, unless the context requires otherwise, the following terms shall be deemed to have the meanings indicated:

NYSE Arca Book

(a) The term "NYSE Arca Book" shall refer to the NYSE Arca Marketplace's electronic file of orders, which contains all the User's orders in each of the Display Order, Working Order and Tracking Order Processes.

(aP) The term "NYSE Arca Book" refers to the NYSE Arca Marketplace's electronic file of orders, which contains all orders entered on the NYSE Arca Marketplace.

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Core Trading Hours

(j) The term "Core Trading Hours" [shall] means the hours of [6:30 am] 9:30 a.m. Eastern Time through [1:00 pm (Pacific Time)] 4:00 p.m. Eastern Time or such other hours as may be determined by the Corporation from time to time.

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NOW Recipient (Away Market)

(ff) The term "NOW Recipient" shall mean any exchange, ECN or other broker-dealer (1) with which the NYSE Arca Marketplace maintains an electronic linkage and (2) which provides instantaneous responses to NOW Orders routed from the NYSE Arca Marketplace. The Corporation shall designate from time to time those exchanges, ECNs or other broker-dealers that qualify as NOW Recipients.

(ffP) The term “Away Market” means any exchange, alternative trading system (“ATS”) or other broker-dealer (1) with which the NYSE Arca Marketplace maintains an electronic linkage and (2) which provides instantaneous responses to orders routed from the NYSE Arca Marketplace. The Corporation will designate from time to time those ATS’s or other broker-dealers that qualify as Away Markets.

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Wholly Owned Subsidiary

(aaa) The term "wholly owned subsidiary" shall mean a subsidiary substantially all of whose outstanding voting securities are owned by its parent and/or the parent's other wholly owned subsidiaries.

Derivative Securities Product and UTP Derivative Securities Product

(bbb) [Reserved.] The term “Derivative Securities Product” means a security that meets the definition of “derivative securities product” in Rule 19b-4(e) under the Securities Exchange Act of 1934 and a “UTP Derivative Securities Product” means a Derivative Securities Product that trades on the Exchange pursuant to unlisted trading privileges.

Lead Market Maker

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Rule 7 Equities Trading

Rules with a “P” modifier are operative for symbols that are trading on the Pillar trading platform. If a symbol is trading on the Pillar trading platform, a rule with the same number as a rule with a “P” modifier will no longer be operative for that symbol. The Exchange will announce by Trader Update when symbols are trading on the Pillar trading platform.

Section 1. General Provisions

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Section 3. NYSE Arca Marketplace

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Rule 7.34. Trading Sessions

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(f) Trades on the NYSE Arca Marketplace executed and reported outside of the Core Trading Session shall be designated as .T trades.

Rule 7.34P. Trading Sessions

(a) *Sessions.* The NYSE Arca Marketplace will have three trading sessions each day the Corporation is open for business unless otherwise determined by the Corporation:

(1) *Early Trading Session.* The Early Trading Session will begin at 4:00 a.m. Eastern Time and conclude at the commencement of the Core Trading Session. The Corporation will begin accepting orders 30 minutes before the Early Trading Session begins. The Early Open Auction will begin the Early Trading Session.

(2) *Core Trading Session.* The Core Trading Session will begin for each security at 9:30 a.m. Eastern Time and end at the conclusion of Core Trading Hours or the Core Closing Auction, whichever comes later. The Core Open Auction will begin the Core Trading Session.

(3) *Late Trading Session.* The Late Trading Session will begin following the conclusion of the Core Trading Session and conclude at 8:00 p.m. Eastern Time.

(b) *Order Designation.*

(1) Any order entered into the NYSE Arca Marketplace must include a designation for which trading session(s) the order will remain in effect. An order is eligible to participate in the designated trading session(s) only and may remain in effect for one or more consecutive trading sessions on a particular day. Unless otherwise specified, an order designated for a later trading session will be accepted but not eligible to trade until the designated trading session begins. An order designated solely for a trading session that has already ended will be rejected.

(2) An order with a day time-in-force instruction entered before or during the Early Trading Session will be deemed designated for the Early Trading Session and the Core Trading Session.

(3) An order with a day time-in-force instruction entered during the Core Trading Session will be deemed designated for the Core Trading Session.

(c) *Orders Permitted in Each Session.*

(1) Early Trading Session. Unless otherwise specified in paragraphs (c)(1)(A) – (E), orders and modifiers defined in Rule 7.31P that are designated for the Early Trading Session are eligible to participate in the Early Trading Session.

(A) Market Orders, Q Orders, and Pegged Orders are not eligible to participate in the Early Trading Session. Market Orders, Q Orders, and Pegged Orders that include a designation for the Early Trading Session will be rejected. Market Pegged Orders, regardless of the session designated for the order, may not be entered before or during the Early Trading Session and will be rejected.

(B) Limit Orders designated IOC and Cross Orders are not eligible to participate in the Early Open Auction and will be rejected if entered before the Early Open Auction concludes.

(C) Limit Orders designated IOC and Cross Orders entered before or during the Early Trading Session and designated for the Core Trading Session will be rejected if entered before the Core Open Auction concludes.

(D) For securities that are not eligible for an auction on the Exchange, Market Orders designated for the Core Trading Session and Auction-Only Orders will be routed to the primary listing market on arrival. Any order routed directly to the primary listing market on arrival will be cancelled if that market is not accepting orders.

(E) MOO Orders, MOC Orders, LOC Orders, and Primary Only Orders designated for the Early Trading Session will be rejected.

(2) Core Trading Session. Unless otherwise specified in paragraphs (c)(2)(A) – (B), all orders and modifiers defined in Rules 7.31P and 7.44P that are designated for the Core Trading Session are eligible to participate in the Core Trading Session.

(A) Market Orders in securities that are not eligible for the Core Open Auction will be routed to the primary listing market until the first opening print of any size on the primary listing market or 10:00 a.m. Eastern Time, whichever is earlier.

(B) Auction-Only Orders in securities that are not eligible for an auction on the Exchange will be accepted and routed directly to the primary listing market.

(3) Late Trading Session. Unless otherwise specified in paragraph (c)(3)(A) – (C), the orders and modifiers defined in Rule 7.31P that are designated for the Late Trading Session are eligible to participate in the Late Trading Session:

(A) Market Orders, Q Orders and Pegged Orders are not eligible to participate in the Late Trading Session. Market Orders, Q Orders, and Pegged Orders that include a designation for the Late Trading Session will be rejected.

(B) Orders that are routed directly to the primary listing market on arrival will be cancelled if that market is not accepting orders.

(C) MOO Orders, MOC Orders, LOC Orders, and Primary Only Orders designated for the Late Trading Session will be rejected.

(d) *Customer Disclosures.* No ETP Holder may accept an order from a non-ETP Holder for execution in the Early or Late Trading Session without disclosing to such non-ETP Holder that:

(1) Limit Orders are the only orders that are eligible for execution during the Early and Late Trading Sessions;

(2) An order must be designated specifically for trading in the Early and/or Late Trading Session to be eligible for trading in the Early and/or Late Trading Session; and

(3) Extended hours trading involves material trading risks, including the possibility of lower liquidity, high volatility, changing prices, unlinked markets, an exaggerated effect from news announcements, wider spreads and any other relevant risk. The absence of an updated underlying index value or intraday indicative value is an additional trading risk in extended hours for Derivative Securities Products.

The disclosures required pursuant to this subparagraph (d)(3) may take the following form or such other form as provides substantially similar information:

1. Risk of Lower Liquidity. Liquidity refers to the ability of market participants to buy and sell securities. Generally, the more orders that are available in a market, the greater the liquidity. Liquidity is important because with greater liquidity it is easier for investors to buy or sell securities, and as a result, investors are more likely to pay or receive a competitive price for securities purchased or sold. There may be lower liquidity in extended hours trading as compared to regular market hours. As a result, your order may only be partially executed, or not at all.

2. Risk of Higher Volatility. Volatility refers to the changes in price that securities undergo when trading. Generally, the higher the volatility of a security, the greater its price swings. There may be greater volatility in extended hours trading than in regular market hours. As a result, your order may only be partially executed, or not at all, or you may receive an inferior price in extended hours trading than you would during regular market hours.

3. Risk of Changing Prices. The prices of securities traded in extended hours trading may not reflect the prices either at the end of regular market hours, or upon the opening of the next morning. As a result, you may receive an inferior price in extended hours trading than you would during regular market hours.

4. Risk of Unlinked Markets. Depending on the extended hours trading system or the time of day, the prices displayed on a particular extended hours system may not reflect the prices in other concurrently operating extended hours trading systems dealing in the same securities. Accordingly, you may receive an inferior price in one extended hours trading system than you would in another extended hours trading system.

5. Risk of News Announcements. Normally, issuers make news announcements that may affect the price of their securities after regular market hours. Similarly, important financial information is frequently announced outside of regular market

hours. In extended hours trading, these announcements may occur during trading, and if combined with lower liquidity and higher volatility, may cause an exaggerated and unsustainable effect on the price of a security.

6. Risk of Wider Spreads. The spread refers to the difference in price between what you can buy a security for and what you can sell it for. Lower liquidity and higher volatility in extended hours trading may result in wider than normal spreads for a particular security.

7. Risk of Lack of Calculation or Dissemination of Underlying Index Value or Intraday Indicative Value ("IIV"). For certain Derivative Securities Products, an updated underlying index value or IIV may not be calculated or publicly disseminated in extended trading hours. Since the underlying index value and IIV are not calculated or widely disseminated during the Early and Late Trading Sessions, an investor who is unable to calculate implied values for certain Derivative Securities Products in those sessions may be at a disadvantage to market professionals.

(e) Trades on the NYSE Arca Marketplace executed and reported outside of the Core Trading Session are designated as .T trades.

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Rule 7.36. Order Ranking and Display

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(c) *Dissemination.* The best-ranked displayed order(s) to buy and the best ranked displayed order(s) to sell in the NYSE Arca Book and the aggregate displayed size of such orders associated with such prices shall be collected and made available to quotation vendors for dissemination pursuant to the requirements of Rule 11Ac1-1 under the Exchange Act.

Rule 7.36P. Order Ranking and Display

(a) Definitions for purposes of Rule 7 Equities Trading:

(1) “Display price” means the price at which a Limit Order is displayed, which may be different from the limit price or working price of the order.

(2) “Limit price” means the highest (lowest) specified price at which a Limit Order to buy (sell) is eligible to trade.

(3) “Working price” means the price at which an order is eligible to trade at any given time, which may be different from the limit price or display price of the order.

(4) "Working time" means the effective time sequence assigned to an order for purposes of determining its priority ranking.

(b) *Display*. The Exchange displays all non-marketable Limit Orders, unless the order or modifier instruction specifies that all or a portion of the order is not to be displayed.

(1) An order is considered displayed for ranking purposes if the price, side, and size of the order are disseminated via a market data feed. Odd-lot sized Limit Orders and the displayed portion of a Reserve Orders are considered displayed for ranking purposes.

(2) Except as otherwise permitted by Rule 7.7, all non-marketable displayed Limit Orders will be displayed on an anonymous basis.

(3) The best-ranked non-marketable displayed Limit Order(s) to buy and the best ranked non-marketable displayed Limit Order(s) to sell in the NYSE Arca Book and the aggregate displayed size of such orders associated with such prices will be collected and made available to quotation vendors for dissemination pursuant to the requirements of Rule 602 of Regulation NMS under the Exchange Act. If non-marketable odd-lot sized orders at multiple price levels can be aggregated to equal at least a round lot, such odd-lot sized orders will be displayed as the best ranked displayed orders to sell (buy) at the least aggressive price at which such odd-lot sized orders can be aggregated to equal at least a round lot.

(c) *Ranking*. All non-marketable orders are ranked and maintained in the NYSE Arca Book according to price-time priority in the following manner: (1) price; (2) priority category; (3) time; and (4) ranking restrictions applicable to an order or modifier condition.

(d) *Price*. All orders are ranked based on the working price of an order. Orders to buy are ranked from highest working price to lowest working price. Orders to sell are ranked from lowest working price to highest working price. If the working price of an order changes, the price priority of the order changes.

(e) *Priority Categories*. At each price point, all orders are assigned a priority category. If at a price point there are no orders in a priority category, the next priority category has first priority.

(1) Priority 1 – Market Orders. Unexecuted Market Orders have priority over all other same-side orders with the same working price.

(2) Priority 2 – Display Orders. Non-marketable Limit Orders with a displayed working price have second priority.

(3) Priority 3 – Non-Display Orders. Non-marketable Limit Orders for which the working price is not displayed, including reserve interest of Reserve Orders, have third priority.

(4) Priority 4 – Tracking Orders. Tracking Orders have fourth priority.

(f) *Time*. Within each priority category, orders are ranked based on time priority.

(1) An order is assigned a working time based on its original entry time, which is the time when an order is first placed in the NYSE Arca Book.

(A) An order that is fully routed to an Away Market on arrival is not assigned a working time unless and until any unexecuted portion of the order returns to the NYSE Arca Book.

(B) For an order that is partially routed to an Away Market on arrival, the portion that is not routed is assigned a working time. If any unexecuted portion of the order returns to the NYSE Arca Book and joins any remaining resting portion of the original order, the returned portion of the order is assigned the same working time as the resting portion of the order. If the resting portion of the original order has already executed and any unexecuted portion of the order returns to the NYSE Arca Book, the returned portion of the order is assigned a new working time.

(2) An order is assigned a new working time any time the working price of an order changes.

(3) An order is assigned a new working time if the size of an order increases. An order retains its working time if the size of the order is decreased.

(4) An order retains its working time if the order marking is changed from: (A) sell to sell short; (B) sell to sell short exempt; (C) sell short to sell; (D) sell short to sell short exempt; (E) sell short exempt to sell; and (F) sell short exempt to sell short.

(g) *Ranking Restrictions*. The Exchange will enforce ranking restrictions applicable to specific order or modifier instructions as provided for in Rules 7.31P and 7.44P.

Rule 7.37. Order Execution

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.02 The Exchange receives data feeds directly from broker dealers for purposes of routing interest pursuant to NYSE Arca Equities Rule 7.37(d)(2).

Rule 7.37P. Order Execution and Routing

(a) *Order Execution*. An incoming marketable order will be matched for execution against contra-side orders in the NYSE Arca Book according to the price-time priority ranking of the resting orders, subject to the following.

(1) Orders that are routed to an Away Market on arrival will not be assigned a working time or matched for execution on the NYSE Arca Book.

(2) Unless an order qualifies for an exception from the Order Protection Rule in Rule 611 of Regulation NMS, an order will not trade at prices that trade through a protected quotation.

(3) Limit Orders will be executed at prices that are equal to or better than the PBBO.

(4) Market Orders and Inside Limit Orders will be executed at prices that are equal to or better than the NBBO.

(b) *Routing.* Unless an order has an instruction not to route, after being matched for execution with any contra-side orders in the NYSE Arca Book pursuant to paragraph (a) of this Rule, marketable orders will be routed to Away Market(s).

(1) An order that cannot meet the pricing parameters of paragraph (a) of this Rule may be routed to Away Market(s) before being matched for execution against contra-side orders in the NYSE Arca Book.

(2) If an order with an instruction not to route would trade through or lock or cross a protected quotation and is not eligible for an exception to Rule 610 or 611 of Regulation NMS, it will cancel, re-price, or be held undisplayed on the NYSE Arca Book, as provided for in Rules 7.31P and 7.44P.

(3) Orders eligible to route will be routed to all available Away Markets unless the order includes an instruction to bypass Away Markets that are not displaying protected quotations.

(4) Limit Orders that are routed to Away Market(s) may be routed to more than one price level, up (down) to the limit price of an order to buy (sell).

(5) Except for orders routed to the primary listing market on arrival pursuant to Rule 7.34P or designated to route to the primary listing market pursuant to Rule 7.31P, orders routed to Away Market(s) will be sent as IOC ISOs.

(6) Any order or portion thereof that has been routed is not eligible to trade on the NYSE Arca Book, unless all or a portion of the order returns unexecuted.

(7) Requests to cancel an order that has been routed will be processed as follows:

(A) For orders that are eligible to be matched for execution against orders in the NYSE Arca Book, the request to cancel will not be processed unless and until all or a portion of the order returns unexecuted.

(B) For orders routed to the primary listing market on arrival pursuant to Rule 7.34P or designated to route to the primary listing market pursuant to Rule 7.31P, the request to cancel will be routed to the primary listing market.

(C) For MOC Orders or LOC Orders in NYSE or NYSE MKT-listed securities, requests to cancel or reduce in size that are electronically entered after the times specified in NYSE Rule 123C(3)(b) and NYSE MKT Rule 123C(3)(b) – Equities and Supplementary Materials .40 to those rules will be rejected.

(8) An order marked "short" when a short sale price test restriction is in effect will not be routed.

(c) After executing with eligible contra-side interest on the NYSE Arca Book and/or returning unexecuted after routing to an Away Market(s), any unexecuted non-marketable portion of an order will be ranked consistent with Rule 7.36P.

(d) *Use of Data Feeds*. The Exchange uses the following data feeds for the handling, execution, and routing of orders, as well as for regulatory compliance:

Market Center	**Primary Source**	**Secondary Source**
BATS Exchange, Inc.	Direct Feed	SIP Data Feed
BATS Y-Exchange, Inc.	Direct Feed	SIP Data Feed
Chicago Stock Exchange, Inc.	SIP Data Feed	n/a
EDGA Exchange, Inc.	Direct Feed	SIP Data Feed
EDGX Exchange, Inc.	Direct Feed	SIP Data Feed
NASDAQ OMX BX LLC	Direct Feed	SIP Data Feed
NASDAQ OMX PHLX LLC	Direct Feed	SIP Data Feed
NASDAQ Stock Market LLC	Direct Feed	SIP Data Feed
New York Stock Exchange LLC	Direct Feed	SIP Data Feed
NYSE MKT LLC	Direct Feed	SIP Data Feed

(1) The Exchange receives data feeds directly from broker dealers for purposes of routing interest to Away Markets that are not displaying protected quotations.

(e) Locking or Crossing Quotations in NMS Stocks.

(1) Definitions. For purposes of this Rule, the following definitions shall apply:

(A) The term Crossing Quotation shall mean the display of a bid for an NMS stock during regular trading hours at a price that is higher than the Best Protected Offer for such NMS stock, or the display of an offer for an NMS stock during regular trading hours at a price that is lower than the Best Protected Bid for such NMS stock.

(B) The term Locking Quotation shall mean the display of a bid for an NMS stock during regular trading hours at a price that equals the Best Protected Offer for such NMS stock, or the display of a offer for an NMS stock during regular trading hours at a price that equals the Best Protected Bid for such NMS stock.

(2) Prohibition. Except for quotations that fall within the provisions of paragraph (e)(3) of this Rule, the Exchange and members of the Exchange shall reasonably avoid displaying, and shall not engage in a pattern or practice of displaying, any quotations that lock or cross the PBBO.

(3) Locked or Crossed Market Exceptions. The prohibition against Locking and Crossing Quotations in paragraph (e)(2) of this Rule will not apply when:

(A) The Locking or Crossing Quotation was displayed at a time when the Trading Center displaying the locked or crossed quotation was experiencing a failure, material delay, or malfunction of its systems or equipment;

(B) The Locking or Crossing Quotation was displayed at a time when the Best Protected Bid was higher than the Best Protected Offer in the NMS stock; or

(C) The Locking or Crossing Quotation was an Automated Quotation, and the ETP Holder displaying such Automated Quotation simultaneously routed an ISO to execute against the full displayed size of any locked or crossed Protected Quotation.

(f) Exceptions to the Order Protection Rule

(1) Self-Help Exception. The self-help exception will apply to any trade-through of a Protected Quotation displayed by a Trading Center that is experiencing a failure, material delay, or malfunction of its systems or equipment. In these instances, Protected Quotations may be bypassed by:

(A) notifying the non-responding Trading Center immediately after (or at the same time as) electing self-help; and

(B) following the established NYSE Arca policies and procedures for electing the self-help exception.

(2) Intermarket Sweep Order Exception.

(A) NYSE Arca will accept ISO orders to be executed in the NYSE Arca Book against orders at NYSE Arca's best bid or best offer without regard to whether the execution would trade through another market's Protected Quotation.

(B) If an ISO is marked as "Immediate-or-Cancel," any portion of the order not executed upon arrival will be automatically cancelled. If an ISO is not marked as "Immediate-or-Cancel," any balance of the order will be displayed by NYSE Arca without regard to whether that display would lock or cross another market center if the User has complied with Rule 7.37P(e)(3)(C).

(3) Single-Price Openings, Reopenings, and Closing Transactions. A transaction that constituted the trade through is excepted from the Order Protection Rule if it was a single-priced opening, reopening, or closing transaction by NYSE Arca

(4) Benchmark Trades. NYSE Arca may execute volume-weighted average price ("VWAP") orders, as well as other types of orders that are not priced with reference to the quoted price of the NMS stock at the time of execution and for which the material terms were not reasonably available at the time the commitment to execute the order was made. Benchmark Trades may not trade through the NYSE Arca Book.

(5) Contingent Order Exemption. Transactions Qualifying as "Contingent Trades" may trade-through both Manual and Protected Quotes. Transactions executed under this exemption may not trade through the NYSE Arca Book. A "Qualified Contingent Trade" is a transaction consisting of two or more component orders, executed as agent or principal, where:

(A) at least one component order is in an NMS stock;

(B) all components are effected with a product or price contingency that either has been agreed to by the respective counterparties or arranged for by a broker-dealer as principal or agent;

(C) the execution of one component is contingent upon the execution of all other components at or near the same time;

(D) the specific relationship between the component orders (e.g., the spread between the prices of the component orders) is determined at the time the contingent order is placed;

(E) the component orders bear a derivative relationship to one another, represent different classes of shares of the same issuer, or involve the securities of participants in mergers or with intentions to merge that have been announced or since cancelled; and

(F) the Exempted NMS Stock Transaction is fully hedged (without regard to any prior existing position) as a result of the other components of the contingent trade.

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