Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 113

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

File No.* SR - 2015 - * 58

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) * ☐

Rule

Pilot ☐	Extension of Time Period for Commission Action * ☐	Date Expires *	回 19b-4(f)(1) 回 19b-4(f)(4)

回 19b-4(f)(2)   回 19b-4(f)(5)
回 19b-4(f)(3)   回 19b-4(f)(6)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934

Section 806(e)(1) 回

Section 806(e)(2) 回

Section 3C(b)(2) 回

Exhibit 2 Sent As Paper Document 回

Exhibit 3 Sent As Paper Document 回

Description

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

Proposes new equity trading rules relating to Trading Halts and Short Sales and Limit Up Limit Down and Odd Lots and Mixed Lots 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.

(Title *)

Date 07/01/2015

By   Martha Redding

Assistant Secretary

(Name *)

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

Martha Redding, mredding@nyx.com

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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

Exhibit 1 - Notice of Proposed Rule Change *

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

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, 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

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Exhibit Sent As Paper Document
☐

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

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document
☐

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

Exhibit 4 - Marked Copies

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

Exhibit 5 - Proposed Rule Text

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 new equity
trading rules relating to Trading Halts, Short Sales, Limit Up-Limit Down,
and Odd Lots and Mixed Lots 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:

<div align="center">

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

</div>

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

 (a) Purpose

On April 30, 2015, the Exchange filed its first rule filing relating to the
implementation of Pillar, which is an integrated trading technology platform

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

[2] 17 CFR 240.19b-4.

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").[3] The Pillar I Filing proposed to adopt new rules relating to Trading Sessions, Order Ranking and Display, and Order Execution. On June 26, 2015, the Exchange filed the second rule filing relating to the implementation of Pillar to adopt new rules relating to Orders and Modifiers and the Retail Liquidity Program.[4]

This filing is the third set of proposed rule changes to support Pillar implementation and is intended to be read together with the Pillar I Filing and Pillar II Filing. As described in the Pillar I Filing, new rules to govern trading on Pillar would have the same numbering as current rules, but with the modifier "P" appended to the rule number. For example, Rule 7.18, governing UTP Regulatory Halts, would remain unchanged and continue to apply to any trading in symbols on the current trading platform. Proposed Rule 7.18P would govern Trading Halts for trading in symbols migrated to the Pillar platform. In addition, the proposed new rules to support Pillar in this filing would use the terms and definitions that were proposed in the Pillar I Filing and Pillar II Filing.[5]

In this filing, the Exchange proposes new Pillar rules relating to:

- Definition of "Official Closing Price" (NYSE Arca Equities Rule 1.1 ("Rule 1.1"));

- Clearly Erroneous Executions (NYSE Arca Equities Rule 7.10P ("Rule 7.10P"));

- Limit Up – Limit Down Plan and Trading Pauses in Individual Securities Due to Extraordinary Market Volatility (NYSE Arca Equities Rule 7.11P ("Rule 7.11P"));[6]

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[3]   See Securities Exchange Act Release No. 74951 (May 13, 2015), 80 FR 28721 (May 19, 2015) (SR-NYSEArca-2015-38) (Notice) ("Pillar I Filing"). In the Pillar I Filing, the Exchange described its proposed implementation of Pillar, including that it would be submitting more than one rule filing to correspond to the anticipated phased migration to Pillar.

[4]   See SR-NYSEArca-2015-56 ("Pillar II Filing").

[5]   Capitalized terms not proposed to be defined in this filing are the defined terms set forth in the Pillar I Filing, Pillar II Filing, or in Exchange rules.

[6]   Rule 7.11 and proposed Rule 7.11P implement the Plan to Address Extraordinary Market Volatility pursuant to Rule 608 of Regulation NMS ("LULD Plan"). See Securities Exchange Act Release No. 67091 (May 31, 2012), 77 FR 33498 (June 6, 2012) (File No. 4-631) (Order approving the LULD Plan).

- Short Sales (NYSE Arca Equities Rule 7.16P ("Rule 7.16P"));

- Trading Halts (NYSE Arca Equities Rule 7.18P ("Rule 7.18P")); and

- Odd and Mixed Lots (NYSE Arca Equities Rule 7.38P ("Rule 7.38P")).

The Exchange also proposes to amend existing definitions in Rule 1.1.

Rule 1.1 Definitions

Rule 1.1 sets forth definitions, and in the Pillar I Filing, the Exchange proposes to amend existing definitions and to add new definitions that would be applicable in Pillar only.[7] The definitions intended for Pillar include the designation "P."[8] In this filing, the Exchange proposes to:

- Amend Rule 1.1 to delete the definitions for "UTP Plan" and "OTC/UTC Participant," and amend definitions of "UTP Listing Market" and "UTP Regulatory Halt," which would be applicable both for the current trading platform and for Pillar;

- Add a new definition for the term "UTP Security," which would be applicable both for the current trading platform and for Pillar; and

- Add a new definition for the term "Official Closing Price," which would be for Pillar only.

Current Rule 1.1(ii) defines the term "UTP Plan" to mean the Nasdaq Unlisted Trading Privileges Plan, as from time to time amended according to its provisions. Because the term "UTP Plan" is no longer used in Exchange rules, the Exchange proposes to delete this definition.[9] The Exchange further proposes adding a new definition, which would be set forth in Rule 1.1(ii), as amended, to define the term "UTP Security." As proposed, the term UTP Security would mean a security that is listed on a national securities exchange other than the Exchange and that trades on the NYSE Arca Marketplace pursuant to unlisted trading privileges ("UTP").

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[7] See Pillar I Filing, supra note 3.

[8] As discussed in the Pillar I Filing, supra note 3, the Exchange proposes to append the letter "P" for definitions that would be applicable for symbols trading on the Pillar trading platform only.

[9] The Exchange proposes to make a conforming change to delete the definition of "OTC/UTP Participant" in Rule 1.1(hh) and replace it with "Reserved." The term "OTC/UTP Participant" is not used in any current Exchange rules.

Current Rule 1.1(jj) defines the term "UTP Listing Market" for a Nasdaq Security as having the same meaning assigned to it in the Nasdaq Unlisted Trading Privileges Plan, as amended, or for any other security shall mean the primary listing market for the security other than the Exchange. The Exchange proposes to streamline this definition and make non-substantive amendments to eliminate the references to Nasdaq Securities, which is no longer a defined term on the Exchange, [10] and to the Nasdaq Unlisted Trading Privileges Plan, and instead refer more generally to securities that trade on a UTP basis by using the new defined term "UTP Security." As proposed, the term "UTP Listing Market" would mean the primary listing market for a UTP Security.

Current Rule 1.1(kk) defines the term "UTP Regulatory Halt" to mean a trade suspension or halt called by the UTP Listing Market for the purpose of dissemination of material news. The Exchange proposes non-substantive amendments to this definition to refer to any circumstance when the Exchange would be required to halt trading in a UTP Security. As proposed, a "UTP Regulatory Halt" would mean a trade suspension, halt, or pause called by the UTP Listing Market in a UTP Security that requires all market centers to halt trading in that security. The Exchange believes the proposed definition would better define circumstances when the Exchange would be required to halt trading in a UTP Security and would remove the limitation that a UTP Regulatory Halt only refer to halts for the purposes of dissemination of material news.

The Exchange proposes to adopt a new definition in Pillar to define the term "Official Closing Price," which would be set forth in proposed Rule 1.1(ggP). As proposed, the term "Official Closing Price" would mean the reference price to determine the closing price in a security for purposes of Rule 7 Equities Trading. In Pillar rules, the term "Official Closing Price" would be used in proposed Rule 7.16P (for Exchange-listed securities only) and for Market Order Trading Collars pursuant to proposed Rule 7.31P(a)(1)(B) (for both Exchange-listed and UTP Securities). [11]

Proposed Rule 1.1(ggP)(1) would describe how the Official Closing Price would be determined for securities listed on the Exchange. As proposed, the Official Closing Price would be the price established in a Closing Auction of one round lot or more on a trading day. Because there may be circumstances when there is insufficient trading interest to have a closing auction trade of one round lot or more, the Exchange proposes to specify what price the Exchange would use as its Official Closing Price when there is no auction or a closing trade of less than a round lot. As proposed, if there is no Closing Auction or if a Closing Auction trade is less than a round lot on a trading day, the Official Closing Price would be

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[10] See Securities Exchange Act Release No. 75289 (June 24, 2015) (SR-NYSE-2015-54) (Notice of filing to amend Rule 1.1).

[11] See Pillar II Filing, supra note 4.

the most recent consolidated last sale eligible trade during Core Trading Hours on that trading day. The rule would further provide that if there were no consolidated last sale eligible trades during Core Trading Hours on that trading day, the Official Price would be the prior trading day's Official Closing Price.

The Exchange believes that in the absence of a Closing Auction of a round lot or more, the last consolidated last sale eligible trade during Core Trading Hours best approximates the market's determination of the price of such securities. The Exchange proposes to use only those trades that occur during Core Trading Hours because the lower liquidity during the Early and Late Trading Sessions may mean that trades occurring during those sessions may not be as representative of the price of the security. The Exchange also proposes to use only last sale eligible trades to ensure that the referenced trade is a round lot or more, and therefore indicative of the security's price and not an anomalous trade.

For example, assume on Monday, there is no closing auction in symbol ABC, an Exchange-listed security and the most recent consolidated last sale eligible trade was at 3:00 p.m. Eastern Time that day for $10.00. Because there was no Closing Auction, the Official Closing Price on Monday would be $10.00. Assume on Tuesday, there is no Closing Auction or consolidated last sale eligible trades in ABC during Core Trading Hours. Accordingly, the Exchange would use the prior day's Official Closing Price, which was $10.00, so Tuesday's Official Closing Price would also be $10.00. Assume on Wednesday there is again no Closing Auction or consolidated last sale eligible trades during Core Trading Hours. The Wednesday Official Closing Price would be based on Tuesday's Official Closing Price, which was $10.00. This evaluation would continue on each trading day.

Proposed Rule 1.1(ggP)(2) would describe how the Exchange would determine the Official Closing Price for securities listed on an exchange other than the Exchange. The Official Closing Price would be relevant for purposes of the value that the Exchange would use to begin calculating Market Order Trading Collars pursuant to proposed Rule 7.31P(a)(1)(B). As proposed, the Official Closing Price would be the official closing price disseminated by the primary listing market for that security via a public data feed on a trading day.[12] If the primary listing market does not disseminate an official closing price on a trading day, the Official Closing Price would be the most recent consolidated last sale eligible

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[12]   Both the Consolidated Tape System and the UTP Plan Trade Data Feed provide for sale conditions that are input by the primary listing market to indicate whether a trade is a Market Center Official Close ("M"), a Market Center Closing Trade ("6"), or a Corrected Closing Price ("9"). See Consolidated Tape System CTS Participant Communications Interface Specifications, Version 2.7a, at 88, available at: https://www.ctaplan.com/ and The UTP Plan Trade Data Feed Direct Subscriber Interface Specification, Version 14.2, at 6-16, available at http://www.nasdaqtrader.com/content/technicalsupport/specifications/utp/utdfspecification.pdf.

trade during Core Trading Hours on that trading day. If there were no consolidated last sale eligible trades during Core Trading Hours on that trading day, the Official Closing Price would be the prior day's Official Closing Price. The Exchange also proposes that an Official Closing Price may be adjusted to reflect corporate actions or a correction to a closing price, as disseminated by the primary listing market for the security. The proposed rule would provide specificity in Pillar rules regarding what the Exchange would consider an Official Closing Price for securities that do not have a Closing Auction or for which the primary listing market does not disseminate an official closing price.

Proposed New Rule 7.18P – Halts

The Exchange proposes new Rule 7.18P to describe halts on the Pillar trading platform, and more specifically, how orders would be processed during halts, suspensions, or pauses in any security as well as halts related to Derivative Securities Products.[13] The proposed rule would consolidate into a single rule text from current Rules 7.18, 7.11(b)(6), and 7.34(a)(4) and (5).[14]

Current Rule 7.18 sets forth requirements relating to UTP Regulatory Halts. Current Rule 7.11(b)(6) sets forth how the Exchange processes new and existing orders during a trading pause issued by another primary listing market. Current Rule 7.34(a)(4) sets forth requirements for trading halts in Derivative Securities Products traded pursuant to UTP on the NYSE Arca Marketplace and current Rule 7.34(a)(5) sets forth requirements for trading halts in Derivative Securities Products listed on the Exchange.

- Current Rule 7.34(a)(4)(A) provides that if a security described in NYSE Arca Equities Rules 5.1(b)(13), 5.1(b)(18), 5.2(j)(3), 8.100, 8.200, 8.201, 8.202, 8.203, 8.204, 8.300, 8.400, 8.500, 8.600 and 8.700 (for purposes of this Rule 7.34, a "Derivative Securities Product") begins trading on the NYSE Arca Marketplace in the Opening Session and subsequently a temporary interruption occurs in the calculation or wide dissemination of the Intraday Indicative Value ("IIV") or the value of the underlying index, as applicable, to such Derivative Securities Product, by a major market data vendor, NYSE Arca may continue to trade the Derivative Securities Product for the remainder of the Opening Session.

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[13] In the Pillar I Filing, the Exchange proposes to define the term "Derivative Securities Product" in Rule 1.1(bbb) as 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" as a Derivative Securities Product that trades on the Exchange pursuant to unlisted trading privileges. See Pillar I Filing, supra note 3.

[14] As noted in the Pillar I Filing, id., the Exchange has not proposed to include the text set forth in current Rule 7.34(a)(4) and (5) in proposed Rule 7.34P.

- Current Rule 7.34(a)(4)(B) provides that during the Core Trading Session, if a temporary interruption occurs in the calculation or wide dissemination of the applicable IIV or value of the underlying index by a major market data vendor and the listing market halts trading in the Derivative Securities Product, NYSE Arca, upon notification by the listing market of such halt due to such temporary interruption, also shall immediately halt trading in the Derivative Securities Product on the NYSE Arca Marketplace.

- Current Rule 7.34(a)(4)(C) relates to the Late Trading Session and the next business day's Opening Session, and provides that if the IIV or the value of the underlying index continues not to be calculated or widely available after the close of the Core Trading Session, NYSE Arca may trade the Derivative Securities Product in the Late Trading Session only if the listing market traded such securities until the close of its regular trading session without a halt. The rule further provides that if the IIV or the value of the underlying index continues not to be calculated or widely available as of the commencement of the Opening Session on the next business day, NYSE Arca shall not commence trading of the Derivative Securities Product in the Opening Session that day. If an interruption in the calculation or wide dissemination of the IIV or the value of the underlying index continues, NYSE Arca may resume trading in the Derivative Securities Product only if calculation and wide dissemination of the IIV or the value of the underlying index resumes or trading in the Derivative Securities Product resumes in the listing market.

- Current Rule 7.34(a)(5) sets forth that with respect to Derivative Securities Products listed on the NYSE Arca Marketplace for which a Net Asset Value ("NAV") (and in the case of Managed Fund Shares under NYSE Arca Equities Rule 8.600 and Managed Trust Securities under NYSE Arca Equities Rule 8.700, a Disclosed Portfolio) is disseminated, if the Exchange becomes aware that the NAV (or in the case of Managed Fund Shares, the Disclosed Portfolio) is not being disseminated to all market participants at the same time, it will halt trading in the affected Derivative Securities Product on the NYSE Arca Marketplace until such time as the NAV (or in the case of Managed Fund Shares, the Disclosed Portfolio, as applicable) is available to all market participants.

Rule 7.18P(a): Proposed Rule 7.18P(a) would be based on current Rule 7.18, but with non-substantive differences to streamline the rule to reflect the proposed definition of a UTP Regulatory Halt, described above, and to address when the Exchange may reopen a security that is subject to a trading pause under the LULD

Plan or a halt pursuant to Rule 7.12 (Trading Halts Due to Extraordinary Market Volatility).[15]

As proposed, the first sentence of new Rule 7.18P(a) would provide that if the UTP Listing Market declares a UTP Regulatory Halt, the Corporation[16] would halt or suspend trading in that security until it receives notification from the UTP Listing Market that the halt or suspension is no longer in effect or as provided for in Rules 7.11P and 7.12. This proposed text is based on the first sentence of Rule 7.18 with non-substantive differences to refer to when a UTP Listing Market "declares" a UTP Regulatory Halt, rather than "determines that an UTP Regulatory Halt is appropriate," and consistent with the proposed new definition of UTP Regulatory Halt, to add references to Rules 7.11P and 7.12.

The Exchange proposes a substantive difference in Pillar to add in Rule 7.18P(a) that, during Core Trading Hours, the Exchange would halt trading during a UTP Regulatory Halt until it receives the first Price Band in a UTP Security. As proposed, notwithstanding that the Exchange may have received notification from the primary listing market to reopen a security or have authority under the LULD Plan or Rule 7.12 to reopen trading in a UTP Security, the Exchange proposes that, during Core Trading Hours, the Exchange would wait until after it receives the first Price Band in that security before it begins trading. By waiting until it receives the first Price Band, the Exchange would not begin trading in a UTP Security before the protections of the LULD Plan are available.

The second sentence of proposed Rule 7.18P(a) would be based on the second sentence of current Rule 7.18, without any substantive differences. Because proposed Rule 7.18P would cover halts other than regulatory halts for the purpose of dissemination of material news, the Exchange proposes a non-substantive difference to specify that the second sentence of proposed Rule 7.18P would be applicable only for halts based on dissemination of material news. Accordingly, the second sentence of proposed Rule 7.18P(a) would provide that if a UTP Regulatory Halt were issued for the purpose of dissemination of material news, the Corporation would assume that adequate publication or dissemination has occurred upon the expiration of one hour after initial publication in a national news dissemination service of the information that gave rise to an UTP Regulatory Halt and may, at its discretion, reopen trading at that time,

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[15]   See proposed Rule 7.11P(a)(2) (providing that the Exchange would be subject to the applicable requirements of the LULD Plan, including section (VII)(B) of the LULD Plan relating to the reopening of trading following a trading pause) and Rule 7.12(c)(ii).

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

notwithstanding notification from the UTP Listing Market that the halt or suspension is no longer in effect.

Rule 7.18P(b): Proposed Rule 7.18P(b) would describe order processing during a UTP Regulatory Halt. The Exchange proposes a substantive difference in Pillar that the Exchange would not conduct any Trading Halt Auctions in UTP Securities. Accordingly, Rule 7.18P(b) would provide that the NYSE Arca Marketplace would not conduct a Trading Halt Auction in a UTP Security.

Proposed Rule 7.18P(b) would further provide how the Exchange would process new and existing orders in a UTP Security during a UTP Regulatory Halt, and is based on rule text from current Rule 7.11(b)(6) regarding how the Exchange processes new and existing orders in UTP Securities during a trading pause triggered under the LULD Plan:

- Proposed Rule 7.18P(b)(1) would provide that the Exchange would cancel any unexecuted portion of Market Orders, which is based on rule text in current Rule 7.11(b)(6)(ii). The Exchange proposes a substantive difference in Pillar from current Rule 7.11(b)(6)(ii) because Pegged Orders would not be cancelled during a UTP Regulatory Halt. Rather, such orders would remain on the NYSE Arca Book and once the Exchange resumes trading the UTP Security, Pegged Orders would be assigned working prices based on the new PBBO and be eligible to trade.

- Proposed Rule 7.18P(b)(2) would provide that the Exchange would maintain all other resting orders in the NYSE Arca Book, which other than Pegged Orders, is how the Exchange currently functions and is based on rule text in current Rule 7.11(b)(6)(i).

- Proposed Rule 7.18P(b)(3) would provide that the Exchange would accept and process all cancellations, which is based on current Rule 7.11(b)(6)(iii).

- Proposed Rule 7.18P(b)(4) would be new functionality for Pillar, and would provide that the Exchange would process a request to cancel and replace as a cancellation without replacing the order. Accordingly, if a User seeks to replace an order, the Exchange would reject that request because it would be a new order, consistent with proposed Rule 7.18P(6), described below, but the Exchange would also cancel the resting order because that would meet the intent of the User to replace an order by cancelling the resting order.

- Proposed Rule Rule 7.18P(b)(5) would provide that the Exchange would accept and route new Market Orders, Auction-Only Orders, Primary MOO/LOO Orders, Primary Only Day Orders, and Primary Only MOC/LOC Order to the primary listing market.

The proposed handling of Market Orders and Primary Only Orders in Pillar is based on current Rule 7.11(b)(6)(iv) and (v), which provides that the Exchange accepts and routes new Market Orders, PO Orders, and PO+ Orders to the primary market. The Exchange proposes non-substantive differences to use the term "primary listing market" instead of "primary market" and to refer to the specific Primary Only Orders, as defined in the Pillar II Filing, that would be eligible to be routed.[17] Because the Exchange does not process IOC orders in auctions, the Exchange would not route Primary Only IOC Orders.

The proposed treatment of Auction-Only Orders during a UTP Regulatory Halt in new Rule 7.18P(b)(5) would be new in Pillar. The proposed processing of Auction-Only Orders during a UTP Regulatory Halt would be consistent with the proposed treatment of such orders in Pillar. As set forth in the Pillar I Filing, the Exchange proposes that before the Core Trading Session begins (and for Market Orders, until the first primary listing market print of any size or 10 a.m. Eastern Time, whichever is earlier), it would route Market Orders and Auction-Only Orders for securities that are not eligible for an auction on the Exchange to the primary listing market, even if such orders do not include a Primary Only designation.[18] In addition, in the Pillar II Filing, the Exchange proposes to accept Auction-Only Orders in non-auction eligible securities.[19]

- Proposed Rule 7.18P(b)(6) would provide that the Exchange would reject all other incoming orders until the security begins trading on the NYSE Arca Marketplace pursuant to proposed Rule 7.18P(a). This proposed rule text is based on current Rule 7.11(b)(6)(vi), which provides that the Exchange rejects all other orders until the stock has reopened, with a proposed substantive difference to reflect that the time when a stock would be reopened would be based on proposed Rule 7.18P(a), described above.

Rule 7.18P(c): Proposed Rule 7.18P(c) would set forth how the Exchange would process new and existing orders for securities listed on the Exchange during a halt, suspension or pause. In Pillar, because Exchange-listed securities would be eligible to participate in a Trading Halt Auction, the Exchange proposes to

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17   See Pillar II Filing, supra note 4 at proposed Rule 7.31P(f).

18   See Pillar I Filing, supra note 3 at proposed Rule 7.34P(c)(1)(D). See also Pillar II Filing, supra note 4 at proposed Rule 7.31P(c).

19   See Pillar II Filing, supra note 4 at proposed Rule 7.31P(c).

process orders in Exchange-listed securities differently than how it would process orders in UTP Securities.[20]

- Proposed Rule 7.18P(c)(1) would provide that the Exchange would cancel any unexecuted portion of Market Orders, which is how the Exchange currently functions. The Exchange proposes a substantive difference in Pillar from current functionality because Pegged Orders would not be cancelled.

- Proposed Rule 7.18P(c)(2) would provide that the Exchange would maintain all other resting orders in the NYSE Arca Book, which other than Pegged Orders, is how the Exchange currently functions. The Exchange proposes to further provide in Pillar that, during a halt, suspension, or pause in Exchange-listed securities, the Exchange would assign Limit Orders on the NYSE Arca Book a working price and display price that is equal to the limit price of the such orders. For example, if an Arca Only Order or ALO Order in an Exchange-listed security has a working price different from its limit price, during a trading halt, suspension, or pause, such order would be re-priced to its limit price. The Exchange proposes to re-price such orders to their limit price so that they may participate in the Trading Halt Auction at their limit price.

  Consistent with the proposed processing of Pegged Orders, in Pillar, Primary Pegged Orders would remain on the NYSE Arca Book and be eligible to participate in the Trading Halt Auction at their limit price. Market Pegged Orders would remain undisplayed on the NYSE Arca Book, would not be eligible to participate in the Trading Halt Auction, but would be available to be assigned a new working price and be eligible to trade once there is a PBBO against which to peg following the Trading Halt Auction.

- Proposed Rule 7.18P(c)(3) would provide that the Exchange would accept and process all cancellations, which is based on current functionality.

- Proposed Rule 7.18P(c)(4) would provide that the Exchange would reject incoming Limit Orders designated IOC, Cross Orders, Tracking Orders, Market Pegged Orders, and Retail Orders. In addition, because the Exchange would not accept new Tracking Orders, Market Pegged Orders, or Retail Orders in Exchange-listed securities during a halt, suspension, or pause, the Exchange would process a request to cancel and replace a

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[20]   The Exchange does not have a rule addressing how it processes new and existing orders during a halt, suspension, or pause in an Exchange-listed security.

Tracking Order, Market Pegged Order, or Retail Order as a cancellation without replacing the order.[21]

Proposed Rule 7.18P(c)(5) would provide that the Exchange would accept all other incoming orders until the security has reopened, which represents current functionality.

Rule 7.18P(d): Proposed Rule 7.18P(d) would set forth halts in Derivative Securities Products and is based on current Rule 7.34(a)(4) and (5) without any substantive differences. Proposed Rule 7.18P(d)(1) would be based on current Rule 7.34(a)(4) and would set forth requirements for trading halts in UTP Derivative Securities Products and proposed Rule 7.18P(d)(2) would be based on current Rule 7.34(a)(5) and would set forth requirements for trading halts halts in Derivative Securities Products listed on the Exchange. Proposed Rule 7.18P(d) would have the following non-substantive differences from current Rule 7.34(a)(4) and (a)(5):

- To use the terms "Derivative Securities Product" and "UTP Derivative Securities Product," which are new defined terms the Exchange has proposed to be set forth in Rule 1.1(bbb).[22] Accordingly, unlike current Rule 7.34(a)(4), the Exchange would not define these terms in proposed Rule 7.18P.

- To use the terms "Early Trading Session" instead of "Opening Session" and "primary listing market" instead of "listing market."

Proposed New Rule 7.16P – Short Sales

Rule 7.16 sets forth requirements relating to short sales. The Exchange proposes to adopt new Rule 7.16P to address short sales in Pillar. As proposed, new Rule 7.16P would be based on the same rule numbering as current Rule 7.16, but with proposed substantive differences to the rule text that correlates to current Rule 7.16(f). Specifically, in Pillar, because of proposed substantive differences to how certain orders and modifiers would operate, the Exchange proposes different

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[21] Because Limit Orders designated IOC and Cross Orders would not rest on the NYSE Arca Book, a cancel and replace message submitted for such an order would not be related to a resting order, and thus would be rejected. For all other order types, during a halt, suspension or pause in an Exchange-listed security, the Exchange would accept and process a request to cancel and replace an order, which would be consistent with proposed Rule 7.18P(c)(3), pursuant to which the Exchange would accept and process all cancellations, and proposed Rule 7.18P(c)(5), pursuant to which the Exchange would accept all other incoming orders until the security has reopened.

[22] See Pillar I Filing, supra note 3.

handling of certain orders in Pillar to comply with the requirements of Rule 201 of Regulation SHO ("Rule 201").[23]

Rule 7.16P(a) – (e): Current Rule 7.16(a) – (e) sets forth various requirements relating to Regulation SHO, 17 CFR 242.200 et seq. Proposed Rule 7.16P(a) – (e) would be based on current Rule 7.16(a) – (e) with minor non-substantive differences to replace the term "shall" with "will" in paragraphs (a), (d), and (e) of proposed Rule 7.16P and replace the term "shall" with "may" in paragraph (b) of proposed Rule 7.16P.

Rule 7.16P(f)(1) – (4): Current Rule 7.16(f) sets forth Exchange requirements in compliance with the Short Sale Price Test under Rule 201.[24] Proposed Rule 7.16P(f) would be based on current Rule 7.16(f), with a non-substantive difference to renumber paragraph (f) with sub-paragraphs (1), (2), (3), etc., instead of (i), (ii), (iii), etc.

Proposed Rules 7.16P(f)(1) – (4) would be based on the rule text in current Rules 7.16(f)(i) (Definitions), 7.17(f)(ii) (Short Sale Price Test), 7.16(f)(iii) (Determination of Trigger Price), and Rule 7.16(f)(iv) (Duration of Short Sale Price Test), with minor non-substantive differences to replace the term "shall" with "will," add the short-hand definition of "NBB," replace references to "national best bid" with references to "NBB," and update cross-references based on the proposed different sub-numbering for paragraph (f) of proposed Rule 7.16P.

The Exchange proposes substantive differences in Rules 7.16P(f)(2) and (f)(3) from current Rules 7.16(f)(ii) and (f)(iii) regarding which price the Exchange would use in Pillar to determine a Trigger Price. Current Rule 7.16(f)(ii) provides that except as provided in subparagraphs (vi) and (vii) of Rule 7.16(f), Corporation systems shall not execute or display a short sale order with respect to a covered security at a price that is less than or equal to the current national best bid if the price of that security decreases by 10% or more, as determined by the listing market for the security, from the security's closing price on the listing market as of the end of regular trading hours on the prior day ("Trigger Price"). Rule 7.16(f)(iii)(B) further provides that if a covered security did not trade on the Corporation on the prior trading day (due to a trading halt, trading suspension, or otherwise), the Corporation's determination of the Trigger Price will be based on the last sale price on the Corporation for that security on the most recent day on which the security traded.

As discussed above, the Exchange proposes to adopt a new definition in Pillar for the term "Official Closing Price." The Exchange proposes to use this term in

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[23]   17 CFR 242.201.

[24]   Capitalized terms are based on the defined terms in Rule 7.16.

proposed Rule 7.16P(f)(2) for purposes of determining the Trigger Price in Exchange-listed securities, which would be a substantive difference from current Rule 7.16(f)(ii), which uses the security's closing price on the listing market. By using the proposed definition of "Official Closing Price," if there is no closing auction of a round lot or more, the Exchange would use the most recent consolidated last sale price to determine the Trigger Price, rather than the last price of the security on the Exchange. While this would be a substantive difference for Pillar, the proposal is consistent with NYSE Rule 440B(c)(3), which provides that under specified circumstances, the NYSE may use the consolidated last sale price for a security on the most recent day on which the security traded for purposes of determining a Trigger Price. Similar to the NYSE, the Exchange believes that in the absence of a closing auction of a round lot or more, using the consolidated last sale price available as of the end of Core Trading Hours on the prior day (or most recent day when there is a consolidated last sale price) best approximates the market's determination of the appropriate price of such securities.[25]

Using the term "Official Closing Price" in proposed Rule 7.16(f)(2), which would incorporate scenarios when there is no closing auction on the Exchange, would obviate the need to include text from current Rule 7.16(f)(iii)(B) in proposed Rule 7.16P. Specifically, the proposed definition of "Official Closing Price," which defines how the Exchange would determine an Official Closing Price in the absence of a Closing Auction or consolidated last sale eligible trade on the prior trading day, would cover the scenario described in current Rule 7.16(f)(iii)(B), i.e., if a security does not trade on the Corporation on the prior trading day.

The Exchange's proposed modification in Pillar to how it would determine the Trigger Price is consistent with Rule 201.[26] Rule 201 provides that the listing market is responsible for determining the closing price of a covered security, but does not require that the Exchange use the closing price from an auction on the Exchange or a last sale on the primary listing market for determining that price.[27] The proposed use of the new defined term of "Official Closing Price" would provide for a closer approximation of the most recent trading price of a security

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[25]   See Securities Exchange Act Release No. 68724 (Jan. 24, 2013), 78 FR 6389, 6390 (Jan. 30, 2013) (SR-NYSE-2013-03) (Notice of Filing to amend NYSE Rule 440B to use the consolidated last sale price for purposes of determining the Trigger Price in specified circumstances).

[26]   17 CFR 242.201.

[27]   17 CFR 242.201(b)(1)(i). See also Division of Trading and Markets: Responses to Frequently Asked Questions Concerning Rule 201 of Regulation SHO, at Question 3.1 (providing guidance that when there is a trading halt or suspension and therefore no closing price, the primary listing market could use the last sale as the prior day's closing price). See also NYSE Rule 440B(c)(3).

for purposes of determining the Trigger Price because it would include consolidated last sale prices, and not just last sale prices on the Exchange.

Rule 7.16P(f)(5): Current Rule 7.16(f)(v) sets forth how short sale orders are processed during a Short Sale Period. Proposed Rule 7.16P(f)(5)(A) – (J) would set forth how the Exchange would process short sale orders during a Short Sale Period in Pillar and includes proposed substantive differences from the current rule.

- Proposed Rule 7.16P(f)(5)(A) would set forth how the Exchange would re-price orders in Pillar and is based on current Rule 7.16(f)(v)(C), which provides that marketable short sale orders will be re-priced by the Corporation one minimum price increment above the current national best bid (the "Permitted Price") and defines the Permitted Price for securities priced $1.00 or more or under a $1.00.

  The first sentence of proposed Rule 7.16P(f)(5)(A) would be based on the first sentence of Rule 7.16(f)(v)(C) with non-substantive differences to define the orders that would be re-priced as "short sale orders with a working price and/or display price equal to the NBB," rather than refer to such orders as "marketable short sale orders." The proposed rule would further provide that such orders would have the working and/or display price adjusted one minimum price increment above the current NBB ("Permitted Price") and use the term "NBB" instead of "national best bid."

  The Exchange proposes to use Pillar terminology to refer to the price at which an order is eligible to trade (working price) or be displayed (display price)[28] so that the proposed rule would cover orders and modifiers that may have a working price that is different from the display price (e.g., an Arca Only Order).[29] Accordingly, pursuant to proposed Rule

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[28] See Pillar I Filing, supra note 3 at proposed Rule 7.36P(a)(1) and (3).

[29] See Pillar II Filing, supra, note 4. By referring to both the display price and the working price of an order being adjusted to a Permitted Price in proposed Rule 7.16P(f)(5)(A), the Exchange does not believe it needs to separately provide for how Arca Only Orders would be re-priced in Pillar, and therefore rule text currently in Rule 7.16(f)(v)(D)(ii), which provides that PNP Blind Orders will be re-priced at a Permitted Price and are displayed once they are re-priced, and therefore will re-price down when the national best bid moves down but will not move up in price if the national best bid moves up and will instead remain at the price displayed, would not be included in proposed Rule 7.16P(f)(5). Because an Arca Only Order has a display price, if such display price is a Permitted Price pursuant to proposed Rule 7.16P(f)(6), the Arca Only Order would not need to be adjusted to a price higher than that display price, which is provided for in the current rule. If the working price of an Arca Only Order is undisplayed, it would

7.16P(f)(5)(A), the Exchange would re-price short sale orders so that they would neither trade at the NBB (i.e., reference to the working price being re-priced) or be displayed at the NBB (i.e., reference to the display price being re-priced), unless the order is a permissible short sale order. This proposed rule text would therefore cover all orders and modifiers at the Exchange in Pillar, unless otherwise provided for in paragraphs (f)(5)(B) – (J) of proposed Rule 7.16P.

The second and third sentences of proposed Rule 7.16P(f)(5)(A) would be based on the second and third sentences of current Rule 7.16(f)(v)(C) with minor non-substantive differences to use the term "NBB" instead of "national best bid" and use the term "adjust" instead of "reprice."

- Proposed Rule 7.16P(f)(5)(B) would set forth the reject option for sell short orders that would be required to be re-priced during a Short Sale Price Test. The proposed rule is based on current Rule 7.16(f)(v)(A), which provides that an ETP Holder may mark individual short sale orders to be rejected back if entered while a symbol is subject to the short sale price test.

  In Pillar, the Exchange is proposing a substantive difference to provide that the reject instruction would apply not only to orders on arrival, but also to resting orders. As proposed, if the ETP Holder chooses the reject option, a resting order that would be required to be adjusted to a Permitted Price while a symbol is subject to the Short Sale Price Test would instead cancel. Allowing ETP Holders to elect that their resting interest be cancelled if it would be required to re-price is consistent with the intent of the current rule, which is to reject an order rather than re-price.

  In addition, the Exchange proposes a minor non-substantive difference to use the term "adjust" rather than "re-price."

- Proposed Rule 7.16P(f)(5)(C) would provide how the Exchange would process sell short Priority 1, Priority 2 odd lot orders, and Priority 3 orders during a Short Sale Price Test. This proposed rule text is based on current Rule 7.16(f)(v)(D)(i) relating to short sale orders that are not displayed on entry, which provides that Market Orders and Passive Liquidity orders will be re-priced at a Permitted Price and will continuously re-price at a Permitted Price as the national best bid moves both up and down.

  The Exchange proposes to use Pillar terminology to refer to Priority categories to ensure that all sell short orders that would be subject to re-pricing both up and down during a Short Sale Period would be subject to

be adjusted pursuant to proposed Rule 7.16P(f)(5)(C) as an order that is ranked Priority 3 – Non-Display Order.

the rule. As proposed, Market Orders, orders and reserve interest ranked Priority 3 – Non-Display Orders, and odd lot orders ranked Priority 2 – Display Orders would have a working price adjusted to a Permitted Price and would continuously adjust to a Permitted Price as the NBB moves both up and down. The rule would further provide that reserve interest that replenishes the displayed quantity of a Reserve Order would be replenished at a Permitted Price. The Exchange proposes non-substantive differences to use the term "adjust" instead of "reprice," and "NBB" instead of "national best bid."

In Pillar, the Exchange is proposing a substantive difference to treat odd lot orders ranked Priority 2 – Display Orders in the same manner as Market Orders and other non-displayed orders. As discussed in the Pillar I Filing, the Exchange proposes that odd lot orders that are ranked Priority 2 – Display Orders would be considered "displayed" for purposes of ranking because such orders are available via the Exchange's proprietary data feeds.[30] However, because Rule 201 refers to displayed in the context of an order displayed via the public data feeds, for purposes of proposed Rule 7.16P, the Exchange proposes to process all sell short odd lot orders the same as sell short orders that are ranked Priority 3 – Non-Display Orders in that such orders would be re-priced as the NBB moves both up and down. The Exchange would extend this treatment to all odd lot sell short orders, regardless of whether they were previously included in a displayed quote that was at a price above the then current NBB and the NBB moves into the price of the odd lot order and therefore eligible to remain displayed at the price of the NBB under proposed Rule 7.16P(f)(6).

The last sentence of proposed Rule 7.16P(f)(5)(C) would provide that reserve interest that replenishes the displayed quantity of a Reserve Order would be replenished at a Permitted Price. This represents current functionality regarding reserve interest pursuant to current Rule 7.16(f)(v)(C) in that all marketable orders other than those specified in the rule are re-priced to one MPV above the current NBB, which includes reserve interest that replenishes the display quantity of a Reserve Order. The Exchange proposes to specify this requirement separately in proposed Rule 7.16P(f)(5)(C) in order to promote clarity regarding at what price reserve interest would replenish any depleted display quantity of a Reserve Order. Because the reserve interest would already be re-priced to a Permitted Price, the Exchange would replenish display quantity at the Permitted Price, even if the previously displayed quantity were eligible to be displayed at the NBB pursuant to proposed Rule 7.16P(f)(6).

- Proposed Rule 7.16P(f)(5)(D) would set forth how the Exchange would process sell short Pegged Orders and MPL Orders during a Short Sale

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[30]   See Pillar I Filing, supra note 3.

Price Test. The proposed rule is based on current Rule 7.16(f)(v)(B), which provides that MPL Orders will continue to be priced at the mid-point of the national best bid and national best offer, including situations where the midpoint is not one minimum price increment above the national best bid. The Exchange proposes to add Pegged Orders to this paragraph to describe new functionality in Pillar that the Exchange would not reject or cancel Pegged Orders during a Short Sale Period.[31]

As proposed, during a Short Sale Period, both Pegged Orders and MPL Orders would use the NBBO instead of the PBBO as the reference price for determining the working price of such orders. Proposed Rule 7.16P(f)(5)(C) would further provide that the working price of MPL Orders would be the mid-point of the NBBO, including situations where the midpoint is less than one minimum price increment above the NBB. This rule text is based on current Rule 7.16(f)(v)(B) with minor non-substantive differences to use Pillar terms by referring to the "working price" rather than refer to the order being "priced" and describing the price of an MPL Order in a less than one MPV market as a midpoint being "less than one minimum price increment" rather than "not one minimum price increment."

For Primary Pegged Orders, being pegged to the NBBO during a Short Sale Price Test would eliminate the possibility for a sell short Primary Pegged Order to be displayed at the NBB unless it was previously displayed at a price above the then NBB, consistent with proposed Rule 7.16P(f)(6), discussed below. As described in the Pillar II Filing, pursuant to proposed Rule 7.31P(h)(2)(A), if the PBBO becomes locked or crossed, a resting Primary Pegged Order would wait for the PBBO that is not locked or crossed before the working price would be adjusted, but would remain eligible to trade at its then displayed price.[32] In addition, the Exchange would reject an arriving Primary Pegged Order if the PBBO is locked or crossed. During a Short Sale Period, by using the NBBO instead of the PBBO, the Exchange would reject newly arriving sell short Primary Pegged Orders if the NBBO is locked or crossed, and therefore such orders would not be displayed at the NBB. For resting Primary Pegged Orders, if the NBBO becomes locked or crossed, a resting sell short Primary Pegged Order pegged to the then NBO would remain at its previously displayed price, which would be permitted pursuant to proposed Rule 7.16P(f)(6), and would not be re-priced until there is an NBBO that is not locked or crossed.[33]

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[31] See Pillar II Filing, supra note 4.

[32] See Pillar II Filing, supra note. 4.

[33] For example, assume that during a Short Sale Period, a sell short Primary Pegged Order is pegged to the NBO of 10.00 and there is an NBB of 9.99. If the NBB

For Market Pegged Orders, because such orders are ranked Priority 3 – Non-Display Orders, a sell short Market Pegged Order that is pegged to the NBBO during a Short Sale Price Test would be adjusted to a Permitted Price pursuant to proposed Rule 7.16P(f)(5)(C). For example, assume a sell short Market Pegged Order is pegged to the PBB, with no offset. If a Short Sale Price Test is triggered in that security, the Market Pegged Order would begin pegging to the NBB and its working price would be adjusted to a Permitted Price. Accordingly, the Market Pegged Order, which would be undisplayed, would never be permitted to trade at the NBB.

- Proposed Rule 7.16P(f)(5)(E) would set forth how the Exchange would process sell short Tracking Orders during a Short Sale Price Test, which would be new in Pillar.[34] As proposed, during a Short Sale Price Test, the working price of a sell short Tracking Order, which is based on the PBO, would not be adjusted. However, such order would not be eligible to trade at or below the NBB. Accordingly, if the PBO were equal to or lower than the NBB, a sell short Tracking Order would not be eligible to trade until such time that the PBO is equal to a Permitted Price or higher.

- Proposed Rule 7.16P(f)(5)(F) would set forth how the Exchange would process sell short IOC Orders during a Short Sale Price Test. The proposed rule is based on current Rule 7.16(f)(v)(E), which provides that IOC orders requiring that all or part of the order be executed immediately will be executed to the extent possible at a Permitted Price and higher and then cancelled, and will not be re-priced. The Exchange proposes non-substantive differences in proposed Rule 7.16P(f)(5)(F) to use the term "traded" instead of "executed" and use proposed Pillar terminology to state that the working price would not be adjusted instead of saying "will not be re-priced."

- Proposed Rule 7.16P(f)(5)(G) would set forth how the Exchange would process sell short Day ISOs during a Short Sale Price Test. The proposed

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moves up and locks the NBO, pursuant to proposed Rule 7.16P(f)(6), the sell short Primary Pegged Order would have been displayed at a price that was above then then current NBB and would be eligible to remain displayed at 10.00. If, alternately, the sell short Primary Pegged Order was pegged to an NBO of 10.00 when there is an NBB of 9.99, and then the NBO moves down to lock the 9.99 NBB, the Primary Pegged Order would not have its working price adjusted from 10.00 to 9.99, and therefore would remain displayed and eligible to trade at a Permitted Price of 10.00.

[34] As undisplayed orders, Tracking Orders are currently priced to a Permitted Price, consistent with Rule 7.16(f)(v)(D).

rule is based on current Rule 7.16(f)(v)(F), which provides that PNP ISO Orders are rejected if the price is at or below the current national best bid. The Exchange proposes non-substantive differences in proposed Rule 7.16(P)(5)(G) to refer to this order as a "Day ISO" instead of a "PNP ISO Order," reference the "limit price" and not just the "price," and use the term "NBB" instead of "national best bid."

- Proposed Rule 7.16P(f)(5)(H) would set forth how the Exchange would process Cross Orders for which the sell side is a short sale order and are received during a Short Sale Price Test. Currently, Cross Orders, which are an IOC Order, are subject to Rule 7.16(f)(v)(E) and if the proposed cross price is not at a Permitted Price or higher, the Cross Order is not re-priced but would instead cancel. Proposed Rule 7.16P(f)(5)(H) would provide that Cross Orders with a cross price at or below the NBB would be rejected. Accordingly, Cross Orders in Pillar would be processed the same as provided for in Rule 7.16(f)(v)(E).[35]

- Proposed Rule 7.16P(f)(5)(I) would provide how the Exchange would process sell short orders for which a Short Sale Price Test is triggered after the order is routed. The proposed rule text represents new functionality for Pillar. As proposed, if a Short Sale Price Test is triggered after an order has routed, any returned quantity of the order and the order it joins on the NYSE Arca Book would be adjusted to a Permitted Price. The Exchange proposes to re-price the resting quantity, even if it were eligible to remain displayed at the NBB price pursuant to proposed Rule 7.16P(f)(6), to conform to the general requirement in Pillar that the returned quantity of a partially routed order would join the resting quantity.[36] If the returned quantity would be required to be re-priced to a Permitted Price, then the resting quantity that it joins would similarly be re-priced to a Permitted Price and the order would rest on the NYSE Arca Book at a single price rather than two prices.

  Proposed Rule 7.16P(f)(5)(I) would further provide that if the order that was routed was a Reserve Order, the returned quantity of the order would first join the reserve interest at a Permitted Price and be assigned a new working time before being evaluated for replenishing the display quantity

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[35] Proposed Rule 7.16P(f)(5)(H) would also describe how the Exchange would process Limit IOC Routable Cross Orders, which is a new form of Cross Order proposed in Pillar that would be eligible to trade at prices other than its cross price. See Pillar II Filing, supra note 4 at proposed Rule 7.31P(g)(2). If a Limit IOC Routable Cross Order has a sell short order and the cross price is not at a Permitted Price or higher, the entire order would be rejected and it would not trade at prices other than the cross price.

[36] See Pillar I Filing, supra note 3 at proposed Rule 7.36P(f)(1)(B).

of the Reserve Order. This proposed functionality would ensure that the returned quantity of the Reserve Order would be priced at a Permitted Price and would not join any previously displayed quantity that might be eligible to remain displayed at a price equal to or below the NBB pursuant to proposed Rule 7.16P(f)(6). The Exchange proposes to include this level of detail regarding how sell short Reserve Orders would be processed in order to provide transparency in the Exchange's rules regarding how orders operate during a Short Sale Period.

- Proposed Rule 7.16P(f)(5)(J) would provide how orders with a Proactive if Locked/Crossed Modifier would operate during a Short Sale Period and is based on current Rule 7.16(f)(v)(G), which provides that proactive if locked modifiers will be ignored for short sale orders. The Exchange proposes a non-substantive difference to rename the modifier as a "Proactive if Locked/Crossed Modifier," consistent with the proposed name of the modifier in Pillar.[37]

Proposed Rule 7.16P(f)(6) would provide for the execution of permissible orders during the Short Sale Period. The proposed rule text is based on current Rule 7.16(f)(vi), which provides that during the Short Sale Period, Corporation systems will execute and display a short sale order without regard to price if, at the time of initial display of the short sale order, the order was at a price above the then current national best bid. Except as specifically noted in subparagraph (v), short sale orders that are entered into the Corporation prior to the Short Sale Period but are not displayed will be re-priced to a Permitted Price. The Exchange proposes minor non-substantive differences to replace the reference to "national best bid" with a reference to "NBB," update the cross reference from subparagraph (f)(v) to subparagraph (f)(5), and replace the term "re-priced" with the term "adjusted."

Proposed Rule 7.16P(f)(7) would provide for short exempt orders. The proposed rule text is based on current Rule 7.16(f)(vii) with no differences.

Proposed New Rule 7.11P – LULD

Rule 7.11 sets forth rule provisions relating to the LULD Plan and trading pauses in individual securities due to extraordinary market activity. The Exchange proposes new Rule 7.11P for Pillar to address the same topic. As proposed, new Rule 7.11P would be based on the same rule numbering as current Rule 7.11, but with proposed substantive differences to the paragraph that correlates to current Rule 7.11(a)(6). Specifically, in Pillar, the Exchange would expand the number of order types that would be eligible for optional re-pricing instructions.

Rule 7.11P(a)(1) – (4): Current Rule 7.11 is a pilot rule in effect during a pilot period to coincide with the pilot period for the LULD Plan. Proposed Rule

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[37] See Pillar I Filing, supra note 4 at proposed Rule 7.31P(i)(1).

7.11P(a)(1) – (4) for Pillar would be based on current Rule 7.11(a)(1) – (4) with minor non-substantive differences to replace the term "shall" with "will" and "execute" with "trade."

Rule 7.11P(a)(5): Current Rule 7.11(a)(5) provides that Exchange systems shall cancel buy (sell) interest that is priced or could be executed above (below) the Upper (Lower) Price Band, except as specified in Rule 7.11(a)(6). Accordingly, cancelling orders that are priced or could be executed through the bands is the default functionality on the Exchange. Rule 7.11(a)(5) further provides that incoming marketable interest, including market orders, IOC orders, and limit orders, shall be executed, or if applicable, routed to an away market, to the fullest extent possible, subject to Rules 7.31(a)(1) – (3) (Trading Collars for market orders) and 7.31(b)(2) (price check for limit orders), at prices at or within the Price Bands. Any unexecuted portion of such incoming marketable interest that cannot be executed at prices at or within the Price Bands shall be cancelled and the ETP Holder shall be notified of the reason for the cancellation.

The Exchange proposes to maintain the current default to cancel orders that would be priced or traded through the Price Bands. Proposed Rule 7.11P(a)(5) would therefore provide that Exchange systems would cancel buy (sell) interest that is priced or could be traded above (below) the Upper (Lower) Price Band, except as specified in proposed Rule 7.11P(a)(6). This proposed rule text is based on current Rule 7.11(a)(5) with non-substantive difference to change the term "shall" to "will" and "executed" to "traded."

Proposed Rule 7.11P(a)(5)(A) would further provide that incoming marketable interest, including Market Orders, Limit Orders, and Limit Orders designated IOC would be traded, or if applicable, routed to an Away Market, to the fullest extent possible, subject to Rules 7.31P(a)(1)(B) (Trading Collars for Market Orders) and 7.31P(a)(2)(B) (price check for Limit Orders), at prices at or within the Price Bands. Any unexecuted quantity of such incoming marketable interest that cannot be traded at prices at or within the Price Bands would be cancelled and the ETP Holder would be notified of the reason for the cancellation. This proposed rule text is based on current Rule 7.11(a)(5)(A) with non-substantive differences to capitalize "Away Market," "Market Order," "Limit Order," and "Limit Orders designated IOC," use the term "will" instead of "shall," use the term "traded" instead of "executed," and update cross references to proposed Rule 7.31P.

The Exchange also proposes to add proposed Rule 7.11P(a)(5)(B), which would provide that Cross Orders with a cross price above the Upper Price Band or below the Lower Price Band would be rejected. This would be new rule text in Pillar. Cross Orders, which are IOC, are currently subject to current Rule 7.11(a)(5), which provides that IOC Orders execute to the fullest extent possible at prices at or within the Price Bands, and any unexecuted portion that cannot be executed at prices at or within the Price Bands shall be cancelled. Accordingly, if the cross price of a Cross Order cannot be executed at prices at or within the Price Bands,

the Cross Order will be cancelled. Proposed Rule 7.11P(a)(5)(B) is based on this rule text, but would also address how the Exchange would process in Pillar the proposed new Limit IOC Routable Cross Orders, which are eligible to trade at prices other than their cross price.[38] In Pillar, both the Limit IOC Cross Order and the Limit IOC Routable Cross Order would cancel if the cross price were outside the Price Bands, and therefore the proposed Limit IOC Routable Cross Order would not trade with any interest on the NYSE Arca Book or route to Away Market interest that is within the Price Bands.

Rule 7.11(a)(6): Current Rule 7.11(a)(6) sets forth the discretionary instruction to re-price eligible Limit Orders and provides that for specified limit orders, ETP Holders may enter an instruction for the Exchange to re-price a buy (sell) order that is priced above (below) the Upper (Lower) Price Band to the Upper (Lower) Price Band rather than cancel the order, provided, however, that if a Discretionary Order includes a discretionary price that is priced above (below) the Upper (Lower) Price Band, the Exchange shall cancel such order.

- Current Rule 7.11(a)(6)(A) further provides that instructions to re-price eligible orders shall be applicable to both incoming and resting orders and if the Price Bands move and the original limit price of a re-priced order if at or within the Price Bands, Exchange systems shall re-price such limit order to its original limit price.

- Current Rule 7.11(a)(6)(B) provides that each time an eligible order is re-priced, it shall receive a new time priority.

- Current Rule 7.11(a)(6)(C) sets forth the order types eligible for re-pricing instructions, which are Adding Liquidity Only Orders, Discretionary Orders, Inside Limit Orders, Limit Orders, PNP ISO, PNP Orders, Proactive if Locked Reserve Orders, Reserve Orders, Primary Until 9.:45 Orders, Primary After 3:55 Orders, and Primary Sweep Orders.

- Finally, current Rule 7.11(a)(6)(D) provides that for an order type eligible for re-pricing instructions under Rule 7.11(a)(6)(C) that is also a short sell order, during a Short Sale Price Test, as set forth in Rule 7.16(f), a short sale order priced below the Lower Price Band shall be re-priced to the higher of the Lower Price Band or the Permitted Price, as defined in Rule 7.16(f)(ii), and that Sell short orders that are not eligible for re-pricing instructions will be treated as any other order pursuant to Rule 7.11(a)(5).

In Pillar, the Exchange proposes substantive differences to expand the number of order types eligible for re-pricing instructions. In addition, rather than specifying which order types would be eligible for re-pricing instructions, the Exchange

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[38] See Pillar II Filing, supra note 4 at proposed Rule 7.31P(g)(2).

would enumerate which order types would not be eligible for re-pricing instructions. Accordingly, as proposed, Rule 7.11P(a)(6) would provide that ETP Holders may enter an instruction for the working price of a Limit Order to buy (sell) with a limit price above (below) the Upper (Lower) Price Band to be adjusted to a price that is equal to the Upper (Lower) Price Band rather than cancel the order. The proposed rule text is based on current Rule 7.11(a)(6) with both substantive differences to reference that Limit Orders are eligible for re-pricing instructions and non-substantive differences to use Pillar terminology.[39] The Exchange proposes to reference the working price of an order to be clear that for order types that may have a working price that is more aggressive than the display price, it would be the working price that would be adjusted. For example, an Arca Only Order or ALO Order to buy that would have a working price equal to the PBO, if the PBO were above the Upper Price Band, the working price would be adjusted to be equal to the Upper Price Band.

Proposed Rule 7.11P(a)(6)(A) would be new rule text that enumerates which orders would not be eligible for re-pricing instructions in Pillar.[40] As proposed, re-pricing instructions would not be available for Market Orders, Auction-Only Orders, Q Orders, Primary Only Orders, or any Limit Order that includes an IOC modifier, including Cross Orders. The rule would also provide that instructions to re-price included with a Primary Until 9:45 Order or Primary After 3:55 Order would only be enforced when such orders are entered on or resting on the NYSE Arca Book.[41] The Exchange believes that proposed Rule 7.11P(a)(6)(A) would provide additional clarity in Exchange rules regarding which orders would be eligible for re-pricing instructions, and if eligible, when they would be re-priced.

Proposed Rule 7.11P(a)(6)(B) would provide that instructions to re-price eligible Limit Orders would be applicable to both incoming and resting orders and that if the Price Bands move and the original limit price of a re-priced order is at or within the Price Bands, such a Limit Order would be adjusted to its limit price. This proposed rule text is based on current Rule 7.11(a)(6)(A) with non-

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[39] The Exchange will not reference Discretionary Orders in proposed Rule 7.11P(a)(6) because the Exchange will not be offering Discretionary Orders in Pillar. See Pillar II Filing, supra note 4.

[40] Because in Pillar the Exchange would enumerate which orders are not eligible for re-pricing instructions rather than list orders that would be eligible for re-pricing instructions, the Exchange would not include rule text based on current Rule 7.11(a)(6)(C) in the Pillar rule.

[41] This proposed rule text in Rule 7.11P(a)(6)(A) regarding Primary Until 9:45 Orders and Primary After 3:55 Orders is consistent with current Rule 7.11(a)(7) and proposed Rule 7.11P(a)(7), which provide that the Exchange routes these orders to the primary listing market regardless of price.

substantive differences to refer to "Limit Orders" instead of "orders" and to use the term "adjust" rather than "reprice."

Proposed Rule 7.11P(a)(6)(C) would set forth proposed new functionality in Pillar regarding how MPL Orders would be processed. Currently, MPL Orders are not eligible for re-pricing instructions, and therefore would cancel if they would trade outside the Price Bands. In Pillar, MPL Orders would be eligible for re-pricing instructions. If such instruction were included on an MPL Order, such order would not cancel if the midpoint of the PBBO were outside the Price Bands, but nor would it re-price. Accordingly, as proposed, Rule 7.11P(a)(6)(C) would provide that an MPL Order that has an instruction to re-price would not cancel, but would not be re-priced or eligible to trade if the midpoint of the PBBO is below the Lower Price Band or above the Upper Price Band. The Exchange believes that the proposed functionality would provide more options for ETP Holders entering MPL Orders so that such orders would not be cancelled if they would trade through a Price Band, but also to honor the intent of the order to trade only at the midpoint of the PBBO.

Proposed Rule 7.11P(a)(6)(D) would be based on current Rule 7.11(a)(6)(D) relating to Sell Short Orders with non-substantive differences to update cross references to proposed Rule 7.16P instead of Rule 7.16. In addition, to reflect the proposed substantive difference of which orders would be eligible for re-pricing instructions in Pillar, the Exchange proposes a non-substantive difference to the first sentence of the proposed rule so that it begins with "[i]f an eligible order includes repricing instructions and is also a sell short order," instead of the current first sentence of Rule 7.11(a)(6)(D), which states, "[f]or an order type eligible for repricing instructions under (6)(C) above that is also a short sell order."

Finally, the Exchange would not be including in Rule 7.11P(a)(6) rule text currently set forth in Rule 7.11(a)(6)(A) regarding time priority. As discussed in greater detail in the Pillar I Filing, pursuant to proposed Rule 7.36P(f)(2), an order would be assigned a new working time any time the working price of the order changes and orders re-priced pursuant to proposed Rule 7.11P(a)(6) would be subject to this requirement.[42] Therefore, the Exchange would not restate this same requirement in proposed Rule 7.11P.

Rule 7.11P(a)(7) – (8): Current Rule 7.11(a)(7) provides that Exchange systems shall not route buy (sell) interest to an away market displaying a sell (buy) quote that is above (below) the Upper (Lower) Price Band, provided that the Exchange shall route Primary Only Orders (Rule 7.31(x)), Primary Until 9:45 Orders (Rule 7.31(oo)), Primary After 3:55 Orders (Rule 7.31(pp)), and Primary Sweep Orders (Rule 7.31(kk)) to the primary listing market regardless of price. Proposed Rule 7.11P(a)(7) would be based on current Rule 7.11(a)(7) with non-substantive differences to use the term "will" instead of "shall," use the term "orders" instead

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[42]   See Pillar I Filing, supra note 3.

of "interest," capitalize the term "Away Market," use the term "primary listing market" instead of "primary market", remove rule cite cross references, and delete reference to Primary Sweep Orders.[43]

Current Rule 7.11(a)(8) provides that the Exchange may declare a Trading Pause for an NMS Stock listed on the Exchange when (i) the National Best Bid (Offer) is below (above) the Lower (Upper) Price Band and the NMS Stock is not in a Limit State; and (ii) trading in that NMS Stock deviates from normal trading characteristics. Proposed Rule 7.11P(a)(8) would be based on current Rule 7.11(a)(8) without any differences.

Rule 7.11P(b): Current Rule 7.11(b) sets forth how Trading Pauses operate on the Exchange. Because the LULD Plan has been fully implemented across all Tier 1 and Tier 2 NMS Stocks, the Exchange no longer pauses trading in securities as provided for in current Rules 7.11(b)(1) and (3) –(5). However, the Exchange proposes to maintain this rule text while the LULD Plan is a pilot. Accordingly, proposed Rule 7.11P(b)(1) – (5) would be based on current Rule 7.11(b)(1) – (5) with non-substantive differences to replace the term "will" with "shall," replace time references from Pacific Time to Eastern Time, and replace a cross-reference from Rule 7.35 to Rule 7.35P.

Current Rule 7.11(b)(6) provides for how the Exchange processes new and existing orders during a trading pause issued by another primary listing market. As described above, proposed Rule 7.18P(b) would set forth in Pillar how the Exchange would process new and existing orders during a UTP Regulatory Halt, which would include a trading pause issued by another primary listing market. Accordingly, the Exchange would not include rule text from current Rule 7.11(b)(6) in the proposed Rule 7.11P(b).

Proposed New Rule 7.38P – Odd Lots and Mixed Lots

Rule 7.38 sets forth requirements relating to odd lots and mixed lots, which are terms defined in Rule 7.6. The Exchange proposes new Rule 7.38P to address odd lots and mixed lots in Pillar, including circumstances when odd lot orders would be treated differently than round lot orders.

Proposed Rule 7.38P(a) would provide that Rules 7.31P and 7.44P would specify whether an order may be entered as an odd lot or mixed lot. Unlike current Rule 7.38, the Exchange proposes that in Pillar, whether an order would be eligible to be entered as an odd lot or mixed lot would be covered in proposed Rules 7.31P

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[43]   The Exchange eliminated Primary Sweep Orders in 2015. See Securities Exchange Act Release No. 74796 (April 23, 2015), 80 FR 12537 (March 9, 2015) (SR-NYSEArca-2015-08) (Approval order).

and 7.44P. [44] Accordingly, rule text set forth in current Rules 7.38(a)(1) and (2) would not be included in proposed Rule 7.38P(a).[45]

Proposed Rule 7.38P(b) would provide that round lot, mixed lot, and odd lots would be treated in the same manner in the NYSE Arca Marketplace. This rule text is based on current Rule 7.38(b), without any differences.

The Exchange proposes that the general rule in Rule 7.38P(b) would be subject to specific requirements in certain cases, as set forth in proposed Rules 7.38P(b)(1) and (b)(2).

- Proposed Rule 7.38P(b)(1) would provide that the working price of an odd lot order would be adjusted both on arrival and when resting on the NYSE Arca Book based on the limit price of the order. If the limit price of such odd lot order to buy (sell) is at or below (above) the PBO (PBB), it would have a working price equal to the limit price. If the limit price of such odd lot order to buy (sell) is above (below) the PBO (PBB), it would have a working price equal to the PBO (PBB). The proposed rule text uses Pillar terminology to describe how the Exchange would price odd-lot orders that are not displayed as part of the BBO so that they would not trade through the PBBO.[46]

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[44] See Pillar II Filing, supra note 4 at proposed Rules 7.31P(d)(1)(A) (Reserve Orders must be entered in round lots, and therefore cannot be entered as odd lots or mixed lots); 7.31P(c)(3)(E) (MPL-IOC Orders must be entered with a minimum of one round lot, and therefore may not be entered in odd lots); 7.31P(d)(4) (Tracking Orders must be in entered in round lots, and therefore cannot be entered as odd lots or mixed lots); 7.31P(e)(2) (Arca Only ALO Orders must have a minimum of one displayed round lot on entry, and therefore cannot be entered as an odd lot); 7.31P(h)(2)(A) (Primary Pegged Orders must be entered with a minimum of one round a lot); and 7.31P(j)(1) (Q Orders must be entered with a minimum of one round lot displayed, and therefore cannot be entered as an odd lot). Proposed Rule 7.44P(1)(3) would provide that Retail Orders may be entered as an odd lot, round lot, or mixed lot.

[45] Current Rule 7.38(a)(1) provides that all orders submitted by Users to the NYSE Arca Marketplace must be Market Orders or Limit Orders and the following orders may not be entered in odd lots: Reserve Orders, MPL-IOC Orders, Tracking Orders, or Q Orders. Current Rule 7.38(a)(2) provides that Mixed lot orders submitted by Users to the NYSE Arca Marketplace may be any order type supported by the NYSE Arca Marketplace, unless inconsistent with the order type descriptions found in Rule 7.31.

[46] See, e.g., Pillar II Filing, supra note 4 at proposed Rule 7.31P(d)(2)(A) (describing the working price assigned to Limit Non-Displayed Orders).

- Proposed Rule 7.38P(b)(2) would set forth the working time that would be assigned to the returned quantity of an order that create a new BBO when it joins resting quantity of the order. As proposed, the rule would provide that for an order that is partially routed to an Away Market on arrival, if any returned quantity of the order joins resting odd-lot quantity of the original order and the returned and resting quantity, either alone or together with other odd-lot orders, would be displayed as a new BBO, both the returned and resting quantity would be assigned a new working time.

    As set forth in the Pillar I Filing, proposed Rule 7.36P(f)(1)(B) would provide 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.[47] If any unexecuted portion of the order returns 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.

    Proposed Rule 7.38P(b)(2) would provide for an exception to this general requirement and is intended to prevent the Exchange from displaying a new BBO that would lock or cross an Away Market PBBO. Without this exception, if the returned quantity joined the resting quantity's working time and is then displayed as a new BBO, it would be considered to have an earlier working time than an updated PBBO, even though the new BBO may be displayed after the PBBO was updated. By assigning a new working time to the new displayed BBO, the Exchange would evaluate it for routing as if it were a newly arriving order.

    For example, assume the PBBO is 9.98 x 10.00 and the 10.00 PBO is on an Away Market for 100 shares. The Exchange receives a Limit Order to buy "A" for 120 shares priced at 10.00 and would route 100 shares of A to the Away Market, and 20 shares would be entered on the NYSE Arca Book and assigned a working time. Because 20 shares is an odd lot quantity, the Exchange could enter it onto the NYSE Arca Book without locking the PBO. Assume that the returned quantity of A is 80 shares, and between the time the order was routed and it returns unexecuted, a second Away Market displays an offer of 10.00, which is the new PBO. The returned quantity of A together with the resting quantity of A would equal 100 shares, and therefore would constitute the best ranked non-marketable displayed Limit Order on the Exchange and would become the BB. As proposed, the entire quantity of A would be assigned a new working time, which would be the time the returned quantity returns to the Exchange. The Exchange would then evaluate whether the order should be routed,

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[47] Id. The display price of an odd lot order may differ from the working price of the order.

and in this case, because it would create a new BB that would lock an existing PBO, the Exchange would route the 100 shares to the new PBO.

The Exchange would only have to assign a new working time if the returning quantity would join resting odd-lot interest that would result in a new BBO. If the resting quantity of the order were a round lot or more, and therefore already displayed as the best ranked non-marketable interest, the returned quantity could join that resting interest at the working time of the resting interest pursuant to proposed Rule 7.36P(f)(1)(B).

Proposed New Rule 7.10P – Clearly Erroneous Executions

The Exchange proposes to adopt new Rule 7.10P for Pillar in order to reflect terminology changes proposed in the Pillar I Filing and to replace obsolete terms. As proposed, new Rule 7.10P would have the same rule text and paragraph numbering as Rule 7.10 and would not have any substantive differences from Rule 7.10. The Exchange proposes the following non-substantive differences for proposed Rule 7.10P.

- To replace the term "shall" with "will" throughout the rule and replace the term "shall mean" in proposed Rule 7.10P(i) with "means."

- To use the terms "Early Trading Session" instead of "Opening Session" and "Late Trading Session" instead of "Late Session" in proposed Rules 7.10P(c)(1) and 7.10P(c)(3), which would reflect the new terms proposed in the Pillar I Filing in proposed Rule 7.34P and are based on current Rule 7.10(c)(1) and 7.10(c)(3).

- To replace the term "ie." with the term "e.g.," in proposed Rule 7.10P(c)(2).

- To capitalize the term "Cross Order" and delete an obsolete reference to the Portfolio Crossing Service[48] in proposed Rule 7.10P(e)(1), which is based on current Rule 7.10(e)(1).

- To replace the term "NYSE Arca Equities" with "Exchange" as the modifier for Chief Regulatory Officer in proposed Rule 7.10P(e)(3), which is based on current Rule 7.10(e)(3). The Chief Regulatory Officer is an officer of NYSE Arca, which is the Exchange, and not its wholly-owned subsidiary NYSE Arca Equities. Therefore, changing the term to

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[48]   The Exchange eliminated the Portfolio Crossing Service in 2014. See Securities Exchange Act Release No. 72942 (Aug. 28, 2014), 79 FR 52784 (Sept. 4, 2014) (SR-NYSEArca-2014-75) (Approval order for filing that eliminated specified order types, modifiers, and related references).

"Exchange" more accurately reflects the entity for which the Chief Regulatory Officer is an officer.

- To replace the term "3:00 ET" with the term "3:00 p.m. Eastern Time" in proposed Rule 7.10P(e)(3), which is based on current Rule 7.10(e)(3) and is consistent with the proposed manner to describe time in the Pillar I Filing.

- To replace the term "Member" with "ETP Holder" in proposed Rule 7.10P(i), which is based on current Rule 7.10(i).

The Exchange also proposes non-substantive differences to update cross references in the Rule from Rule 7.10 to Rule 7.10P.

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As discussed in the Pillar I Filing, 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 pending the full migration of Pillar is necessary because they would continue to govern trading on the current trading platform pending the full migration.

(b)   Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Securities Exchange Act of 1934 (the "Act"),[49] in general, and furthers the objectives of Section 6(b)(5),[50] 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 rules proposed in this filing, together with the rules proposed in the Pillar I Filing and the Pillar II Filing, would remove impediments to and perfect the mechanism of a free and open market because they would promote transparency by using consistent terminology for rules 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 would be conducted on the Pillar trading platform. Adding new rules with the modifier "P" to denote those rules that would be operative for the Pillar trading platform would remove impediments to

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[49]   15 U.S.C. 78f(b).

[50]   15 U.S.C. 78f(b)(5).

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.   In addition, the proposed use of new Pillar terminology would promote consistency in the Exchange's rulebook regarding how the Exchange would process new and existing orders during a trading halt, how sell short orders would be processed during a Short Sale Period, how orders would be processed consistent with the requirements of the LULD Plan, and when odd-lot orders would be treated differently than round-lot orders.

The Exchange believes that the proposed amendments to existing definitions in Rule 1.1 would remove impediments to and perfect the mechanism of a fair and orderly market because they would not make any substantive changes to Exchange rules, but rather are designed to reduce confusion by eliminating obsolete references and terms and therefore streamline the Exchange's rules. The Exchange further believes that the proposed new definition for the term "Official Closing Price" would remove impediments to and perfect the mechanism of a fair and orderly market because the proposed definition would promote transparency regarding the reference price the Exchange would use in Pillar for purposes of calculating Trading Collars, pursuant to proposed Rule 7.31P(a)(1)(B), and for purposes of determining a Trigger Price pursuant to proposed Rule 7.16P(f)(2).

For determining the Official Closing Price, the Exchange believes that in the absence of a Closing Auction of a round lot or more, the most recent consolidated last sale eligible trade during Core Trading Hours best approximates the market's determination of the appropriate price of such securities. In addition, using only those trades that occur during Core Trading Hours that are last sale eligible would remove impediments to and perfect the mechanism of a fair and orderly market because the lower liquidity during the Early and Late Trading Sessions may mean that trades occurring during those sessions may not be as representative of the price of the security and odd-lot trades may indicate an anomalous trade.

The Exchange believes that proposed Rule 7.18P would remove impediments to and perfect the mechanism of a fair and orderly market because it would set forth in a single rule the requirements for trading halts on the Exchange in both UTP Securities and Exchange-listed securities, which are currently set forth in Rules 7.11(b)(6), 7.18, and 7.34(a)(4) and (a)(5). The Exchange believes that the proposed substantive differences for Rule 7.18P as compared to the current rules would remove impediments to and perfect the mechanism of a fair and orderly market for the following reasons:

- Waiting until receipt of a Price Band in a UTP Security before resuming trading following a UTP Regulatory Halt would assure that the Exchange would not begin trading in a UTP Security before the protections of the LULD Plan would be available. In addition, not holding a Trading Halt Auction on the Exchange in a UTP Security, together with rejecting new orders and routing Primary Only Orders received during a UTP

Regulatory Halt to the primary listing market, would protect investors and the public by promoting price discovery and liquidity on the primary listing market for its re-opening auction.

- Processing new and existing orders for UTP Securities differently from new and existing orders in Exchange-listed securities during a halt, suspension, or trading pause would complement the proposal not to conduct a Trading Halt Auction in a UTP Security, as discussed above. For Exchange-listed securities, because the Exchange would be conducting a Trading Halt Auction, the Exchange would accept new orders that would be eligible to participate in such auction. In addition, to facilitate such auction, the Exchange would not cancel resting Pegged Orders and would adjust the working price of resting Limit Orders (including Pegged Orders) to their limit price so that such orders could participate in a Trading Halt Auction at their limit prices. The Exchange believes such proposed processing of new and existing orders would promote liquidity and price discovery for Trading Halt Auctions in Exchange-listed securities.

With respect to Short Sales, the Exchange believes that proposed Rule 7.16P would remove impediments to and perfect the mechanism of a fair and orderly market because it would use Pillar terminology to describe how the Exchange would process sell short orders during a Short Sale Period, consistent with Rule 201 of Regulation SHO. More specifically, the Exchange believes that using the new term "Official Closing Price" for determining the Trigger Price of a security in Rule 7.16P(f)(2) is consistent with Rule 201(b)(1)(i) of Regulation SHO, which requires that the listing market determine the closing price of a covered security, but does not require that the Exchange use the closing auction on the Exchange to determine that closing price. The Exchange believes that using the Official Closing Price would provide for a closer approximation of determining the Trigger Price because in the absence of a closing auction of a round lot or more, it would include consolidated last sale prices, and not just last sale prices on the Exchange, which is consistent with how other markets operate.[51]

The Exchange believes that how it would process sell short orders during a Short Sale Period, set forth in proposed Rule 7.16P(f)(5), would remove impediments to and perfect the mechanism of a fair and orderly market because the proposed processing would assure that sell short orders would neither trade at the NBB or be displayed at the NBB, unless an order is eligible for an exemption pursuant to proposed Rule 7.16P(f)(6) or (f)(7). More specifically, the Exchange believes that the proposal to expand the existing reject option for sell short orders that would be required to be re-priced to apply also to resting orders would remove impediments to and perfect the mechanism of a fair and orderly market because it would be consistent with the intent of the instruction, which is to not have such orders re-

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[51]   See supra notes 25 and 27.

price. The Exchange further believes that the proposed processing in Pillar of odd-lot orders that are ranked Priority 2, Pegged Orders, Cross Orders, and Tracking Orders would remove impediments to and perfect the mechanism of a fair and orderly market and is consistent with Rule 201 of Regulation SHO because the proposed processing would assure that such orders would not trade at the NBB or be displayed at the NBB as the NBB moves both up and down.

With respect to proposed Rule 7.11P, the Exchange believes that the proposed substantive difference to expand the number of Limit Orders eligible for re-pricing instructions would be consistent with the LULD Plan, and therefore would remove impediments to and perfect the mechanism of a fair and orderly market, because the proposed re-pricing of such orders would assure that such orders would not trade at or be displayed at prices outside of the Price Bands. The Exchange further believes that expanding the number of orders eligible for re-pricing instructions would provide ETP Holders with more options regarding how orders would be processed in compliance with the LULD Plan. With respect to MPL Orders, the Exchange believes that proposed Rule 7.11P(a)(6)(C) would remove impediments to and perfect the mechanism of a fair and orderly market because the proposal would provide ETP Holders with the choice for such orders not to be cancelled, and instead remain on the NYSE Arca Book until such time that the working price would be at a price eligible to trade consistent with the LULD Plan. The Exchange further believes that using Pillar terminology to describe how orders would be re-priced would promote consistency in Exchange rules, making them easier to navigate.

With respect to proposed Rule 7.38P, the Exchange believes that the proposed rule would promote consistency in the Exchange's rule book by using Pillar terminology to describe how the Exchange would price odd lot orders so that they would not trade through the PBBO. The Exchange further believes that proposed Rule 7.38P(b)(2) would remove impediments to and perfect the mechanism of a fair and orderly market because it would promote transparency in Exchange rules regarding the working time that would be assigned to an order that has been partially routed and if when it returns, would be displayed as a new BBO. The proposed assignment of the working time of the returned order would assure that such new BBO, which would be comprised of the returned quantity together with the resting odd-lot quantity, would be evaluated for whether it would lock or cross a protected quotation.

Finally, the Exchange believes that proposed Rule 7.10P, regarding clearly erroneous executions, would remove impediments to and perfect the mechanism of a fair and orderly market because it would use Pillar terminology, without any substantive differences from current Rule 7.10.

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, the Exchange proposes new rules for Pillar to address trading halts, Short Sales, the LULD Plan, and odd lots, which would be based on current rules with both substantive and non-substantive differences. The proposed substantive differences would promote competition because the Exchange would be offering functionality that is consistent with the proposed new orders and modifiers, as discussed in the Pillar II Filing, in a manner consistent with Rule 201 of Regulation SHO and the LULD Plan and to assure that odd lot orders would not trade through the PBBO. With respect to trading halts, the Exchange believes that proposed Rule 7.18P would promote price discovery and liquidity on the primary listing market for re-opening auctions following a halt, suspension, or trading pause, thereby supporting competition. The proposed non-substantive differences would be to use new Pillar terminology, which 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-2015-58)

[Date]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Proposed Rule
Change for New Equity Trading Rules Relating to Trading Halts, Short Sales, Limit Up-
Limit Down, and Odd Lots and Mixed Lots 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 July 1, 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 new equity trading rules relating to Trading Halts, Short

Sales, Limit Up-Limit Down, and Odd Lots and Mixed Lots 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 April 30, 2015, the Exchange filed its first rule filing relating to 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").[4] The Pillar I Filing proposed to adopt new rules relating to

Trading Sessions, Order Ranking and Display, and Order Execution. On June 26, 2015,

the Exchange filed the second rule filing relating to the implementation of Pillar to adopt

new rules relating to Orders and Modifiers and the Retail Liquidity Program.[5]

This filing is the third set of proposed rule changes to support Pillar

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[4]   See Securities Exchange Act Release No. 74951 (May 13, 2015), 80 FR 28721 (May 19, 2015) (SR-NYSEArca-2015-38) (Notice) ("Pillar I Filing"). In the Pillar I Filing, the Exchange described its proposed implementation of Pillar, including that it would be submitting more than one rule filing to correspond to the anticipated phased migration to Pillar.

[5]   See SR-NYSEArca-2015-56 ("Pillar II Filing").

implementation and is intended to be read together with the Pillar I Filing and Pillar II

Filing. As described in the Pillar I Filing, new rules to govern trading on Pillar would

have the same numbering as current rules, but with the modifier "P" appended to the rule

number. For example, Rule 7.18, governing UTP Regulatory Halts, would remain

unchanged and continue to apply to any trading in symbols on the current trading

platform. Proposed Rule 7.18P would govern Trading Halts for trading in symbols

migrated to the Pillar platform. In addition, the proposed new rules to support Pillar in

this filing would use the terms and definitions that were proposed in the Pillar I Filing

and Pillar II Filing.[6]

In this filing, the Exchange proposes new Pillar rules relating to:

- Definition of "Official Closing Price" (NYSE Arca Equities Rule 1.1 ("Rule 1.1"));

- Clearly Erroneous Executions (NYSE Arca Equities Rule 7.10P ("Rule 7.10P"));

- Limit Up – Limit Down Plan and Trading Pauses in Individual Securities Due to Extraordinary Market Volatility (NYSE Arca Equities Rule 7.11P ("Rule 7.11P"));[7]

- Short Sales (NYSE Arca Equities Rule 7.16P ("Rule 7.16P"));

- Trading Halts (NYSE Arca Equities Rule 7.18P ("Rule 7.18P")); and

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[6]   Capitalized terms not proposed to be defined in this filing are the defined terms set forth in the Pillar I Filing, Pillar II Filing, or in Exchange rules.

[7]   Rule 7.11 and proposed Rule 7.11P implement the Plan to Address Extraordinary Market Volatility pursuant to Rule 608 of Regulation NMS ("LULD Plan"). See Securities Exchange Act Release No. 67091 (May 31, 2012), 77 FR 33498 (June 6, 2012) (File No. 4-631) (Order approving the LULD Plan).

- Odd and Mixed Lots (NYSE Arca Equities Rule 7.38P ("Rule 7.38P")).

The Exchange also proposes to amend existing definitions in Rule 1.1.

Rule 1.1 Definitions

Rule 1.1 sets forth definitions, and in the Pillar I Filing, the Exchange proposes to amend existing definitions and to add new definitions that would be applicable in Pillar only.[8] The definitions intended for Pillar include the designation "P."[9] In this filing, the Exchange proposes to:

- Amend Rule 1.1 to delete the definitions for "UTP Plan" and "OTC/UTC Participant," and amend definitions of "UTP Listing Market" and "UTP Regulatory Halt," which would be applicable both for the current trading platform and for Pillar;

- Add a new definition for the term "UTP Security," which would be applicable both for the current trading platform and for Pillar; and Add a new definition for the term "Official Closing Price," which would be for Pillar only.

Current Rule 1.1(ii) defines the term "UTP Plan" to mean the Nasdaq Unlisted Trading Privileges Plan, as from time to time amended according to its provisions. Because the term "UTP Plan" is no longer used in Exchange rules, the Exchange proposes to delete this definition.[10] The Exchange further proposes adding a new

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[8]   See Pillar I Filing, supra note 4.

[9]   As discussed in the Pillar I Filing, supra note 4, the Exchange proposes to append the letter "P" for definitions that would be applicable for symbols trading on the Pillar trading platform only.

[10]   The Exchange proposes to make a conforming change to delete the definition of "OTC/UTP Participant" in Rule 1.1(hh) and replace it with "Reserved." The term

definition, which would be set forth in Rule 1.1(ii), as amended, to define the term "UTP

Security." As proposed, the term UTP Security would mean a security that is listed on a

national securities exchange other than the Exchange and that trades on the NYSE Arca

Marketplace pursuant to unlisted trading privileges ("UTP").

Current Rule 1.1(jj) defines the term "UTP Listing Market" for a Nasdaq Security

as having the same meaning assigned to it in the Nasdaq Unlisted Trading Privileges

Plan, as amended, or for any other security shall mean the primary listing market for the

security other than the Exchange. The Exchange proposes to streamline this definition

and make non-substantive amendments to eliminate the references to Nasdaq Securities,

which is no longer a defined term on the Exchange,[11] and to the Nasdaq Unlisted Trading

Privileges Plan, and instead refer more generally to securities that trade on a UTP basis

by using the new defined term "UTP Security." As proposed, the term "UTP Listing

Market" would mean the primary listing market for a UTP Security.

Current Rule 1.1(kk) defines the term "UTP Regulatory Halt" to mean a trade

suspension or halt called by the UTP Listing Market for the purpose of dissemination of

material news. The Exchange proposes non-substantive amendments to this definition to

refer to any circumstance when the Exchange would be required to halt trading in a UTP

Security. As proposed, a "UTP Regulatory Halt" would mean a trade suspension, halt, or

pause called by the UTP Listing Market in a UTP Security that requires all market

centers to halt trading in that security. The Exchange believes the proposed definition

would better define circumstances when the Exchange would be required to halt trading

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"OTC/UTP Participant" is not used in any current Exchange rules.

[11]   See Securities Exchange Act Release No. 75289 (June 24, 2015) (SR-NYSE-
        2015-54) (Notice of filing to amend Rule 1.1).

in a UTP Security and would remove the limitation that a UTP Regulatory Halt only refer to halts for the purposes of dissemination of material news.

The Exchange proposes to adopt a new definition in Pillar to define the term "Official Closing Price," which would be set forth in proposed Rule 1.1(ggP). As proposed, the term "Official Closing Price" would mean the reference price to determine the closing price in a security for purposes of Rule 7 Equities Trading. In Pillar rules, the term "Official Closing Price" would be used in proposed Rule 7.16P (for Exchange-listed securities only) and for Market Order Trading Collars pursuant to proposed Rule 7.31P(a)(1)(B) (for both Exchange-listed and UTP Securities).[12]

Proposed Rule 1.1(ggP)(1) would describe how the Official Closing Price would be determined for securities listed on the Exchange. As proposed, the Official Closing Price would be the price established in a Closing Auction of one round lot or more on a trading day. Because there may be circumstances when there is insufficient trading interest to have a closing auction trade of one round lot or more, the Exchange proposes to specify what price the Exchange would use as its Official Closing Price when there is no auction or a closing trade of less than a round lot. As proposed, if there is no Closing Auction or if a Closing Auction trade is less than a round lot on a trading day, the Official Closing Price would be the most recent consolidated last sale eligible trade during Core Trading Hours on that trading day. The rule would further provide that if there were no consolidated last sale eligible trades during Core Trading Hours on that trading day, the Official Price would be the prior trading day's Official Closing Price.

The Exchange believes that in the absence of a Closing Auction of a round lot or

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[12] See Pillar II Filing, supra note 5.

more, the last consolidated last sale eligible trade during Core Trading Hours best approximates the market's determination of the price of such securities. The Exchange proposes to use only those trades that occur during Core Trading Hours because the lower liquidity during the Early and Late Trading Sessions may mean that trades occurring during those sessions may not be as representative of the price of the security. The Exchange also proposes to use only last sale eligible trades to ensure that the referenced trade is a round lot or more, and therefore indicative of the security's price and not an anomalous trade.

For example, assume on Monday, there is no closing auction in symbol ABC, an Exchange-listed security and the most recent consolidated last sale eligible trade was at 3:00 p.m. Eastern Time that day for $10.00. Because there was no Closing Auction, the Official Closing Price on Monday would be $10.00. Assume on Tuesday, there is no Closing Auction or consolidated last sale eligible trades in ABC during Core Trading Hours. Accordingly, the Exchange would use the prior day's Official Closing Price, which was $10.00, so Tuesday's Official Closing Price would also be $10.00. Assume on Wednesday there is again no Closing Auction or consolidated last sale eligible trades during Core Trading Hours. The Wednesday Official Closing Price would be based on Tuesday's Official Closing Price, which was $10.00. This evaluation would continue on each trading day.

Proposed Rule 1.1(ggP)(2) would describe how the Exchange would determine the Official Closing Price for securities listed on an exchange other than the Exchange. The Official Closing Price would be relevant for purposes of the value that the Exchange would use to begin calculating Market Order Trading Collars pursuant to proposed Rule

7.31P(a)(1)(B). As proposed, the Official Closing Price would be the official closing price disseminated by the primary listing market for that security via a public data feed on a trading day.[13] If the primary listing market does not disseminate an official closing price on a trading day, the Official Closing Price would be the most recent consolidated last sale eligible trade during Core Trading Hours on that trading day. If there were no consolidated last sale eligible trades during Core Trading Hours on that trading day, the Official Closing Price would be the prior day's Official Closing Price.

The Exchange also proposes that an Official Closing Price may be adjusted to reflect corporate actions or a correction to a closing price, as disseminated by the primary listing market for the security. The proposed rule would provide specificity in Pillar rules regarding what the Exchange would consider an Official Closing Price for securities that do not have a Closing Auction or for which the primary listing market does not disseminate an official closing price.

Proposed New Rule 7.18P – Halts

The Exchange proposes new Rule 7.18P to describe halts on the Pillar trading platform, and more specifically, how orders would be processed during halts, suspensions, or pauses in any security as well as halts related to Derivative Securities

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[13]   Both the Consolidated Tape System and the UTP Plan Trade Data Feed provide for sale conditions that are input by the primary listing market to indicate whether a trade is a Market Center Official Close ("M"), a Market Center Closing Trade ("6"), or a Corrected Closing Price ("9"). See Consolidated Tape System CTS Participant Communications Interface Specifications, Version 2.7a, at 88, available at: https://www.ctaplan.com/ and The UTP Plan Trade Data Feed Direct Subscriber Interface Specification, Version 14.2, at 6-16, available at http://www.nasdaqtrader.com/content/technicalsupport/specifications/utp/utdfspecification.pdf.

Products.[14] The proposed rule would consolidate into a single rule text from current

Rules 7.18, 7.11(b)(6), and 7.34(a)(4) and (5).[15]

Current Rule 7.18 sets forth requirements relating to UTP Regulatory Halts.

Current Rule 7.11(b)(6) sets forth how the Exchange processes new and existing orders

during a trading pause issued by another primary listing market. Current Rule 7.34(a)(4)

sets forth requirements for trading halts in Derivative Securities Products traded pursuant

to UTP on the NYSE Arca Marketplace and current Rule 7.34(a)(5) sets forth

requirements for trading halts in Derivative Securities Products listed on the Exchange.

- Current Rule 7.34(a)(4)(A) provides that if a security described in NYSE Arca Equities Rules 5.1(b)(13), 5.1(b)(18), 5.2(j)(3), 8.100, 8.200, 8.201, 8.202, 8.203, 8.204, 8.300, 8.400, 8.500, 8.600 and 8.700 (for purposes of this Rule 7.34, a "Derivative Securities Product") begins trading on the NYSE Arca Marketplace in the Opening Session and subsequently a temporary interruption occurs in the calculation or wide dissemination of the Intraday Indicative Value ("IIV") or the value of the underlying index, as applicable, to such Derivative Securities Product, by a major market data vendor, NYSE Arca may continue to trade the Derivative Securities Product for the remainder of the Opening Session.

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[14] In the Pillar I Filing, the Exchange proposes to define the term "Derivative Securities Product" in Rule 1.1(bbb) as 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" as a Derivative Securities Product that trades on the Exchange pursuant to unlisted trading privileges. See Pillar I Filing, supra note 4.

[15] As noted in the Pillar I Filing, id., the Exchange has not proposed to include the text set forth in current Rule 7.34(a)(4) and (5) in proposed Rule 7.34P.

- Current Rule 7.34(a)(4)(B) provides that during the Core Trading Session, if a temporary interruption occurs in the calculation or wide dissemination of the applicable IIV or value of the underlying index by a major market data vendor and the listing market halts trading in the Derivative Securities Product, NYSE Arca, upon notification by the listing market of such halt due to such temporary interruption, also shall immediately halt trading in the Derivative Securities Product on the NYSE Arca Marketplace.

- Current Rule 7.34(a)(4)(C) relates to the Late Trading Session and the next business day's Opening Session, and provides that if the IIV or the value of the underlying index continues not to be calculated or widely available after the close of the Core Trading Session, NYSE Arca may trade the Derivative Securities Product in the Late Trading Session only if the listing market traded such securities until the close of its regular trading session without a halt. The rule further provides that if the IIV or the value of the underlying index continues not to be calculated or widely available as of the commencement of the Opening Session on the next business day, NYSE Arca shall not commence trading of the Derivative Securities Product in the Opening Session that day. If an interruption in the calculation or wide dissemination of the IIV or the value of the underlying index continues, NYSE Arca may resume trading in the Derivative Securities Product only if calculation and wide dissemination of the IIV or the value of the underlying index resumes or trading in the

Derivative Securities Product resumes in the listing market.

- Current Rule 7.34(a)(5) sets forth that with respect to Derivative Securities

  Products listed on the NYSE Arca Marketplace for which a Net Asset

  Value ("NAV") (and in the case of Managed Fund Shares under NYSE

  Arca Equities Rule 8.600 and Managed Trust Securities under NYSE Arca

  Equities Rule 8.700, a Disclosed Portfolio) is disseminated, if the

  Exchange becomes aware that the NAV (or in the case of Managed Fund

  Shares, the Disclosed Portfolio) is not being disseminated to all market

  participants at the same time, it will halt trading in the affected Derivative

  Securities Product on the NYSE Arca Marketplace until such time as the

  NAV (or in the case of Managed Fund Shares, the Disclosed Portfolio, as

  applicable) is available to all market participants.

Rule 7.18P(a): Proposed Rule 7.18P(a) would be based on current Rule 7.18, but

with non-substantive differences to streamline the rule to reflect the proposed definition

of a UTP Regulatory Halt, described above, and to address when the Exchange may

reopen a security that is subject to a trading pause under the LULD Plan or a halt

pursuant to Rule 7.12 (Trading Halts Due to Extraordinary Market Volatility).[16]

As proposed, the first sentence of new Rule 7.18P(a) would provide that if the

UTP Listing Market declares a UTP Regulatory Halt, the Corporation[17] would halt or

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[16]   See proposed Rule 7.11P(a)(2) (providing that the Exchange would be subject to
       the applicable requirements of the LULD Plan, including section (VII)(B) of the
       LULD Plan relating to the reopening of trading following a trading pause) and
       Rule 7.12(c)(ii).

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

suspend trading in that security until it receives notification from the UTP Listing Market

that the halt or suspension is no longer in effect or as provided for in Rules 7.11P and

7.12. This proposed text is based on the first sentence of Rule 7.18 with non-substantive

differences to refer to when a UTP Listing Market "declares" a UTP Regulatory Halt,

rather than "determines that an UTP Regulatory Halt is appropriate," and consistent with

the proposed new definition of UTP Regulatory Halt, to add references to Rules 7.11P

and 7.12.

The Exchange proposes a substantive difference in Pillar to add in Rule 7.18P(a)

that, during Core Trading Hours, the Exchange would halt trading during a UTP

Regulatory Halt until it receives the first Price Band in a UTP Security. As proposed,

notwithstanding that the Exchange may have received notification from the primary

listing market to reopen a security or have authority under the LULD Plan or Rule 7.12 to

reopen trading in a UTP Security, the Exchange proposes that, during Core Trading

Hours, the Exchange would wait until after it receives the first Price Band in that security

before it begins trading. By waiting until it receives the first Price Band, the Exchange

would not begin trading in a UTP Security before the protections of the LULD Plan are

available.

The second sentence of proposed Rule 7.18P(a) would be based on the second

sentence of current Rule 7.18, without any substantive differences. Because proposed

Rule 7.18P would cover halts other than regulatory halts for the purpose of dissemination

of material news, the Exchange proposes a non-substantive difference to specify that the

second sentence of proposed Rule 7.18P would be applicable only for halts based on

dissemination of material news. Accordingly, the second sentence of proposed Rule

7.18P(a) would provide that if a UTP Regulatory Halt were issued for the purpose of

dissemination of material news, the Corporation would assume that adequate publication

or dissemination has occurred upon the expiration of one hour after initial publication in a

national news dissemination service of the information that gave rise to an UTP

Regulatory Halt and may, at its discretion, reopen trading at that time, notwithstanding

notification from the UTP Listing Market that the halt or suspension is no longer in

effect.

Rule 7.18P(b): Proposed Rule 7.18P(b) would describe order processing during a

UTP Regulatory Halt. The Exchange proposes a substantive difference in Pillar that the

Exchange would not conduct any Trading Halt Auctions in UTP Securities. Accordingly,

Rule 7.18P(b) would provide that the NYSE Arca Marketplace would not conduct a

Trading Halt Auction in a UTP Security.

Proposed Rule 7.18P(b) would further provide how the Exchange would process

new and existing orders in a UTP Security during a UTP Regulatory Halt, and is based on

rule text from current Rule 7.11(b)(6) regarding how the Exchange processes new and

existing orders in UTP Securities during a trading pause triggered under the LULD Plan:

- Proposed Rule 7.18P(b)(1) would provide that the Exchange would cancel

    any unexecuted portion of Market Orders, which is based on rule text in

    current Rule 7.11(b)(6)(ii). The Exchange proposes a substantive

    difference in Pillar from current Rule 7.11(b)(6)(ii) because Pegged

    Orders would not be cancelled during a UTP Regulatory Halt. Rather,

    such orders would remain on the NYSE Arca Book and once the

Exchange resumes trading the UTP Security, Pegged Orders would be assigned working prices based on the new PBBO and be eligible to trade.

- Proposed Rule 7.18P(b)(2) would provide that the Exchange would maintain all other resting orders in the NYSE Arca Book, which other than Pegged Orders, is how the Exchange currently functions and is based on rule text in current Rule 7.11(b)(6)(i).

- Proposed Rule 7.18P(b)(3) would provide that the Exchange would accept and process all cancellations, which is based on current Rule 7.11(b)(6)(iii).

- Proposed Rule 7.18P(b)(4) would be new functionality for Pillar, and would provide that the Exchange would process a request to cancel and replace as a cancellation without replacing the order. Accordingly, if a User seeks to replace an order, the Exchange would reject that request because it would be a new order, consistent with proposed Rule 7.18P(6), described below, but the Exchange would also cancel the resting order because that would meet the intent of the User to replace an order by cancelling the resting order.

- Proposed Rule Rule 7.18P(b)(5) would provide that the Exchange would accept and route new Market Orders, Auction-Only Orders, Primary MOO/LOO Orders, Primary Only Day Orders, and Primary Only MOC/LOC Order to the primary listing market.

  The proposed handling of Market Orders and Primary Only Orders in Pillar is based on current Rule 7.11(b)(6)(iv) and (v), which provides that

the Exchange accepts and routes new Market Orders, PO Orders, and PO+

Orders to the primary market. The Exchange proposes non-substantive

differences to use the term "primary listing market" instead of "primary

market" and to refer to the specific Primary Only Orders, as defined in the

Pillar II Filing, that would be eligible to be routed.[18] Because the

Exchange does not process IOC orders in auctions, the Exchange would

not route Primary Only IOC Orders.

The proposed treatment of Auction-Only Orders during a UTP Regulatory

Halt in new Rule 7.18P(b)(5) would be new in Pillar. The proposed

processing of Auction-Only Orders during a UTP Regulatory Halt would

be consistent with the proposed treatment of such orders in Pillar. As set

forth in the Pillar I Filing, the Exchange proposes that before the Core

Trading Session begins (and for Market Orders, until the first primary

listing market print of any size or 10 a.m. Eastern Time, whichever is

earlier), it would route Market Orders and Auction-Only Orders for

securities that are not eligible for an auction on the Exchange to the

primary listing market, even if such orders do not include a Primary Only

designation.[19] In addition, in the Pillar II Filing, the Exchange proposes to

accept Auction-Only Orders in non-auction eligible securities.[20]

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[18]   See Pillar II Filing, supra note 5 at proposed Rule 7.31P(f).

[19]   See Pillar I Filing, supra note 4 at proposed Rule 7.34P(c)(1)(D). See also Pillar
          II Filing, supra note 5 at proposed Rule 7.31P(c).

[20]   See Pillar II Filing, supra note 5 at proposed Rule 7.31P(c).

- Proposed Rule 7.18P(b)(6) would provide that the Exchange would reject all other incoming orders until the security begins trading on the NYSE Arca Marketplace pursuant to proposed Rule 7.18P(a). This proposed rule text is based on current Rule 7.11(b)(6)(vi), which provides that the Exchange rejects all other orders until the stock has reopened, with a proposed substantive difference to reflect that the time when a stock would be reopened would be based on proposed Rule 7.18P(a), described above.

Rule 7.18P(c): Proposed Rule 7.18P(c) would set forth how the Exchange would process new and existing orders for securities listed on the Exchange during a halt, suspension or pause. In Pillar, because Exchange-listed securities would be eligible to participate in a Trading Halt Auction, the Exchange proposes to process orders in Exchange-listed securities differently than how it would process orders in UTP Securities.[21]

- Proposed Rule 7.18P(c)(1) would provide that the Exchange would cancel any unexecuted portion of Market Orders, which is how the Exchange currently functions. The Exchange proposes a substantive difference in Pillar from current functionality because Pegged Orders would not be cancelled.

- Proposed Rule 7.18P(c)(2) would provide that the Exchange would maintain all other resting orders in the NYSE Arca Book, which other than Pegged Orders, is how the Exchange currently functions. The Exchange

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[21]   The Exchange does not have a rule addressing how it processes new and existing orders during a halt, suspension, or pause in an Exchange-listed security.

proposes to further provide in Pillar that, during a halt, suspension, or
pause in Exchange-listed securities, the Exchange would assign Limit
Orders on the NYSE Arca Book a working price and display price that is
equal to the limit price of the such orders. For example, if an Arca Only
Order or ALO Order in an Exchange-listed security has a working price
different from its limit price, during a trading halt, suspension, or pause,
such order would be re-priced to its limit price. The Exchange proposes to
re-price such orders to their limit price so that they may participate in the
Trading Halt Auction at their limit price.

Consistent with the proposed processing of Pegged Orders, in Pillar,
Primary Pegged Orders would remain on the NYSE Arca Book and be
eligible to participate in the Trading Halt Auction at their limit price.
Market Pegged Orders would remain undisplayed on the NYSE Arca
Book, would not be eligible to participate in the Trading Halt Auction, but
would be available to be assigned a new working price and be eligible to
trade once there is a PBBO against which to peg following the Trading
Halt Auction.

- Proposed Rule 7.18P(c)(3) would provide that the Exchange would accept
  and process all cancellations, which is based on current functionality.

- Proposed Rule 7.18P(c)(4) would provide that the Exchange would reject
  incoming Limit Orders designated IOC, Cross Orders, Tracking Orders,
  Market Pegged Orders, and Retail Orders. In addition, because the
  Exchange would not accept new Tracking Orders, Market Pegged Orders,

or Retail Orders in Exchange-listed securities during a halt, suspension, or

pause, the Exchange would process a request to cancel and replace a

Tracking Order, Market Pegged Order, or Retail Order as a cancellation

without replacing the order.[22]

Proposed Rule 7.18P(c)(5) would provide that the Exchange would accept

all other incoming orders until the security has reopened, which represents

current functionality.

Rule 7.18P(d): Proposed Rule 7.18P(d) would set forth halts in Derivative

Securities Products and is based on current Rule 7.34(a)(4) and (5) without any

substantive differences. Proposed Rule 7.18P(d)(1) would be based on current Rule

7.34(a)(4) and would set forth requirements for trading halts in UTP Derivative Securities

Products and proposed Rule 7.18P(d)(2) would be based on current Rule 7.34(a)(5) and

would set forth requirements for trading halts halts in Derivative Securities Products

listed on the Exchange. Proposed Rule 7.18P(d) would have the following non-

substantive differences from current Rule 7.34(a)(4) and (a)(5):

- To use the terms "Derivative Securities Product" and "UTP Derivative

  Securities Product," which are new defined terms the Exchange has

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[22] Because Limit Orders designated IOC and Cross Orders would not rest on the
NYSE Arca Book, a cancel and replace message submitted for such an order
would not be related to a resting order, and thus would be rejected. For all other
order types, during a halt, suspension or pause in an Exchange-listed security, the
Exchange would accept and process a request to cancel and replace an order,
which would be consistent with proposed Rule 7.18P(c)(3), pursuant to which the
Exchange would accept and process all cancellations, and proposed Rule
7.18P(c)(5), pursuant to which the Exchange would accept all other incoming
orders until the security has reopened.

proposed to be set forth in Rule 1.1(bbb).[23] Accordingly, unlike current

Rule 7.34(a)(4), the Exchange would not define these terms in proposed

Rule 7.18P.

- To use the terms "Early Trading Session" instead of "Opening Session" and "primary listing market" instead of "listing market."

Proposed New Rule 7.16P – Short Sales

Rule 7.16 sets forth requirements relating to short sales. The Exchange proposes

to adopt new Rule 7.16P to address short sales in Pillar. As proposed, new Rule 7.16P

would be based on the same rule numbering as current Rule 7.16, but with proposed

substantive differences to the rule text that correlates to current Rule 7.16(f).

Specifically, in Pillar, because of proposed substantive differences to how certain orders

and modifiers would operate, the Exchange proposes different handling of certain orders

in Pillar to comply with the requirements of Rule 201 of Regulation SHO ("Rule 201").[24]

Rule 7.16P(a) – (e): Current Rule 7.16(a) – (e) sets forth various requirements

relating to Regulation SHO, 17 CFR 242.200 et seq. Proposed Rule 7.16P(a) – (e) would

be based on current Rule 7.16(a) – (e) with minor non-substantive differences to replace

the term "shall" with "will" in paragraphs (a), (d), and (e) of proposed Rule 7.16P and

replace the term "shall" with "may" in paragraph (b) of proposed Rule 7.16P.

Rule 7.16P(f)(1) – (4): Current Rule 7.16(f) sets forth Exchange requirements in

compliance with the Short Sale Price Test under Rule 201.[25] Proposed Rule 7.16P(f)

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23   See Pillar I Filing, supra note 4.

24   17 CFR 242.201.

25   Capitalized terms are based on the defined terms in Rule 7.16.

would be based on current Rule 7.16(f), with a non-substantive difference to renumber

paragraph (f) with sub-paragraphs (1), (2), (3), etc., instead of (i), (ii), (iii), etc.

Proposed Rules 7.16P(f)(1) – (4) would be based on the rule text in current Rules

7.16(f)(i) (Definitions), 7.17(f)(ii) (Short Sale Price Test), 7.16(f)(iii) (Determination of

Trigger Price), and Rule 7.16(f)(iv) (Duration of Short Sale Price Test), with minor non-

substantive differences to replace the term "shall" with "will," add the short-hand

definition of "NBB," replace references to "national best bid" with references to "NBB,"

and update cross-references based on the proposed different sub-numbering for paragraph

(f) of proposed Rule 7.16P.

The Exchange proposes substantive differences in Rules 7.16P(f)(2) and (f)(3)

from current Rules 7.16(f)(ii) and (f)(iii) regarding which price the Exchange would use

in Pillar to determine a Trigger Price. Current Rule 7.16(f)(ii) provides that except as

provided in subparagraphs (vi) and (vii) of Rule 7.16(f), Corporation systems shall not

execute or display a short sale order with respect to a covered security at a price that is

less than or equal to the current national best bid if the price of that security decreases by

10% or more, as determined by the listing market for the security, from the security's

closing price on the listing market as of the end of regular trading hours on the prior day

("Trigger Price"). Rule 7.16(f)(iii)(B) further provides that if a covered security did not

trade on the Corporation on the prior trading day (due to a trading halt, trading

suspension, or otherwise), the Corporation's determination of the Trigger Price will be

based on the last sale price on the Corporation for that security on the most recent day on

which the security traded.

As discussed above, the Exchange proposes to adopt a new definition in Pillar for

the term "Official Closing Price." The Exchange proposes to use this term in proposed

Rule 7.16P(f)(2) for purposes of determining the Trigger Price in Exchange-listed

securities, which would be a substantive difference from current Rule 7.16(f)(ii), which

uses the security's closing price on the listing market. By using the proposed definition

of "Official Closing Price," if there is no closing auction of a round lot or more, the

Exchange would use the most recent consolidated last sale price to determine the Trigger

Price, rather than the last price of the security on the Exchange. While this would be a

substantive difference for Pillar, the proposal is consistent with NYSE Rule 440B(c)(3),

which provides that under specified circumstances, the NYSE may use the consolidated

last sale price for a security on the most recent day on which the security traded for

purposes of determining a Trigger Price. Similar to the NYSE, the Exchange believes

that in the absence of a closing auction of a round lot or more, using the consolidated last

sale price available as of the end of Core Trading Hours on the prior day (or most recent

day when there is a consolidated last sale price) best approximates the market's

determination of the appropriate price of such securities.[26]

Using the term "Official Closing Price" in proposed Rule 7.16(f)(2), which would

incorporate scenarios when there is no closing auction on the Exchange, would obviate

the need to include text from current Rule 7.16(f)(iii)(B) in proposed Rule 7.16P.

Specifically, the proposed definition of "Official Closing Price," which defines how the

Exchange would determine an Official Closing Price in the absence of a Closing Auction

or consolidated last sale eligible trade on the prior trading day, would cover the scenario

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[26]   See Securities Exchange Act Release No. 68724 (Jan. 24, 2013), 78 FR 6389,
         6390 (Jan. 30, 2013) (SR-NYSE-2013-03) (Notice of Filing to amend NYSE Rule
         440B to use the consolidated last sale price for purposes of determining the
         Trigger Price in specified circumstances).

described in current Rule 7.16(f)(iii)(B), i.e., if a security does not trade on the

Corporation on the prior trading day.

The Exchange's proposed modification in Pillar to how it would determine the

Trigger Price is consistent with Rule 201.[27] Rule 201 provides that the listing market is

responsible for determining the closing price of a covered security, but does not require

that the Exchange use the closing price from an auction on the Exchange or a last sale on

the primary listing market for determining that price.[28] The proposed use of the new

defined term of "Official Closing Price" would provide for a closer approximation of the

most recent trading price of a security for purposes of determining the Trigger Price

because it would include consolidated last sale prices, and not just last sale prices on the

Exchange.

Rule 7.16P(f)(5): Current Rule 7.16(f)(v) sets forth how short sale orders are

processed during a Short Sale Period. Proposed Rule 7.16P(f)(5)(A) – (J) would set forth

how the Exchange would process short sale orders during a Short Sale Period in Pillar

and includes proposed substantive differences from the current rule.

- Proposed Rule 7.16P(f)(5)(A) would set forth how the Exchange would

    re-price orders in Pillar and is based on current Rule 7.16(f)(v)(C), which

    provides that marketable short sale orders will be re-priced by the

    Corporation one minimum price increment above the current national best

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[27]   17 CFR 242.201.

[28]   17 CFR 242.201(b)(1)(i). See also Division of Trading and Markets: Responses
        to Frequently Asked Questions Concerning Rule 201 of Regulation SHO, at
        Question 3.1 (providing guidance that when there is a trading halt or suspension
        and therefore no closing price, the primary listing market could use the last sale as
        the prior day's closing price). See also NYSE Rule 440B(c)(3).

bid (the "Permitted Price") and defines the Permitted Price for securities

priced $1.00 or more or under a $1.00.

The first sentence of proposed Rule 7.16P(f)(5)(A) would be based on the

first sentence of Rule 7.16(f)(v)(C) with non-substantive differences to

define the orders that would be re-priced as "short sale orders with a

working price and/or display price equal to the NBB," rather than refer to

such orders as "marketable short sale orders." The proposed rule would

further provide that such orders would have the working and/or display

price adjusted one minimum price increment above the current NBB

("Permitted Price") and use the term "NBB" instead of "national best bid."

The Exchange proposes to use Pillar terminology to refer to the price at

which an order is eligible to trade (working price) or be displayed (display

price)[29] so that the proposed rule would cover orders and modifiers that

may have a working price that is different from the display price (e.g., an

Arca Only Order).[30] Accordingly, pursuant to proposed Rule

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[29] See Pillar I Filing, supra note 4 at proposed Rule 7.36P(a)(1) and (3).

[30] See Pillar II Filing, supra, note 5. By referring to both the display price and the
working price of an order being adjusted to a Permitted Price in proposed Rule
7.16P(f)(5)(A), the Exchange does not believe it needs to separately provide for
how Arca Only Orders would be re-priced in Pillar, and therefore rule text
currently in Rule 7.16(f)(v)(D)(ii), which provides that PNP Blind Orders will be
re-priced at a Permitted Price and are displayed once they are re-priced, and
therefore will re-price down when the national best bid moves down but will not
move up in price if the national best bid moves up and will instead remain at the
price displayed, would not be included in proposed Rule 7.16P(f)(5). Because an
Arca Only Order has a display price, if such display price is a Permitted Price
pursuant to proposed Rule 7.16P(f)(6), the Arca Only Order would not need to be
adjusted to a price higher than that display price, which is provided for in the
current rule. If the working price of an Arca Only Order is undisplayed, it would
be adjusted pursuant to proposed Rule 7.16P(f)(5)(C) as an order that is ranked

7.16P(f)(5)(A), the Exchange would re-price short sale orders so that they would neither trade at the NBB (i.e., reference to the working price being re-priced) or be displayed at the NBB (i.e., reference to the display price being re-priced), unless the order is a permissible short sale order. This proposed rule text would therefore cover all orders and modifiers at the Exchange in Pillar, unless otherwise provided for in paragraphs (f)(5)(B) – (J) of proposed Rule 7.16P.

The second and third sentences of proposed Rule 7.16P(f)(5)(A) would be based on the second and third sentences of current Rule 7.16(f)(v)(C) with minor non-substantive differences to use the term "NBB" instead of "national best bid" and use the term "adjust" instead of "reprice."

- Proposed Rule 7.16P(f)(5)(B) would set forth the reject option for sell short orders that would be required to be re-priced during a Short Sale Price Test. The proposed rule is based on current Rule 7.16(f)(v)(A), which provides that an ETP Holder may mark individual short sale orders to be rejected back if entered while a symbol is subject to the short sale price test.

In Pillar, the Exchange is proposing a substantive difference to provide that the reject instruction would apply not only to orders on arrival, but also to resting orders. As proposed, if the ETP Holder chooses the reject option, a resting order that would be required to be adjusted to a Permitted Price while a symbol is subject to the Short Sale Price Test would instead

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Priority 3 – Non-Display Order.

cancel. Allowing ETP Holders to elect that their resting interest be cancelled if it would be required to re-price is consistent with the intent of the current rule, which is to reject an order rather than re-price.

In addition, the Exchange proposes a minor non-substantive difference to use the term "adjust" rather than "re-price."

- Proposed Rule 7.16P(f)(5)(C) would provide how the Exchange would process sell short Priority 1, Priority 2 odd lot orders, and Priority 3 orders during a Short Sale Price Test. This proposed rule text is based on current Rule 7.16(f)(v)(D)(i) relating to short sale orders that are not displayed on entry, which provides that Market Orders and Passive Liquidity orders will be re-priced at a Permitted Price and will continuously re-price at a Permitted Price as the national best bid moves both up and down. The Exchange proposes to use Pillar terminology to refer to Priority categories to ensure that all sell short orders that would be subject to re-pricing both up and down during a Short Sale Period would be subject to the rule. As proposed, Market Orders, orders and reserve interest ranked Priority 3 – Non-Display Orders, and odd lot orders ranked Priority 2 – Display Orders would have a working price adjusted to a Permitted Price and would continuously adjust to a Permitted Price as the NBB moves both up and down. The rule would further provide that reserve interest that replenishes the displayed quantity of a Reserve Order would be replenished at a Permitted Price. The Exchange proposes non-substantive differences to use the term "adjust" instead of "reprice," and "NBB"

instead of "national best bid."

In Pillar, the Exchange is proposing a substantive difference to treat odd lot orders ranked Priority 2 – Display Orders in the same manner as Market Orders and other non-displayed orders. As discussed in the Pillar I Filing, the Exchange proposes that odd lot orders that are ranked Priority 2 – Display Orders would be considered "displayed" for purposes of ranking because such orders are available via the Exchange's proprietary data feeds.[31] However, because Rule 201 refers to displayed in the context of an order displayed via the public data feeds, for purposes of proposed Rule 7.16P, the Exchange proposes to process all sell short odd lot orders the same as sell short orders that are ranked Priority 3 – Non-Display Orders in that such orders would be re-priced as the NBB moves both up and down. The Exchange would extend this treatment to all odd lot sell short orders, regardless of whether they were previously included in a displayed quote that was at a price above the then current NBB and the NBB moves into the price of the odd lot order and therefore eligible to remain displayed at the price of the NBB under proposed Rule 7.16P(f)(6). The last sentence of proposed Rule 7.16P(f)(5)(C) would provide that reserve interest that replenishes the displayed quantity of a Reserve Order would be replenished at a Permitted Price. This represents current functionality regarding reserve interest pursuant to current Rule 7.16(f)(v)(C) in that all marketable orders other than those specified in the

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[31]   See Pillar I Filing, supra note 4.

rule are re-priced to one MPV above the current NBB, which includes reserve interest that replenishes the display quantity of a Reserve Order. The Exchange proposes to specify this requirement separately in proposed Rule 7.16P(f)(5)(C) in order to promote clarity regarding at what price reserve interest would replenish any depleted display quantity of a Reserve Order. Because the reserve interest would already be re-priced to a Permitted Price, the Exchange would replenish display quantity at the Permitted Price, even if the previously displayed quantity were eligible to be displayed at the NBB pursuant to proposed Rule 7.16P(f)(6).

- Proposed Rule 7.16P(f)(5)(D) would set forth how the Exchange would process sell short Pegged Orders and MPL Orders during a Short Sale Price Test. The proposed rule is based on current Rule 7.16(f)(v)(B), which provides that MPL Orders will continue to be priced at the mid-point of the national best bid and national best offer, including situations where the midpoint is not one minimum price increment above the national best bid. The Exchange proposes to add Pegged Orders to this paragraph to describe new functionality in Pillar that the Exchange would not reject or cancel Pegged Orders during a Short Sale Period.[32] As proposed, during a Short Sale Period, both Pegged Orders and MPL Orders would use the NBBO instead of the PBBO as the reference price for determining the working price of such orders. Proposed Rule 7.16P(f)(5)(C) would further provide that the working price of MPL

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[32]   See Pillar II Filing, supra note 5.

Orders would be the mid-point of the NBBO, including situations where the midpoint is less than one minimum price increment above the NBB. This rule text is based on current Rule 7.16(f)(v)(B) with minor non-substantive differences to use Pillar terms by referring to the "working price" rather than refer to the order being "priced" and describing the price of an MPL Order in a less than one MPV market as a midpoint being "less than one minimum price increment" rather than "not one minimum price increment."

For Primary Pegged Orders, being pegged to the NBBO during a Short Sale Price Test would eliminate the possibility for a sell short Primary Pegged Order to be displayed at the NBB unless it was previously displayed at a price above the then NBB, consistent with proposed Rule 7.16P(f)(6), discussed below. As described in the Pillar II Filing, pursuant to proposed Rule 7.31P(h)(2)(A), if the PBBO becomes locked or crossed, a resting Primary Pegged Order would wait for the PBBO that is not locked or crossed before the working price would be adjusted, but would remain eligible to trade at its then displayed price.[33] In addition, the Exchange would reject an arriving Primary Pegged Order if the PBBO is locked or crossed. During a Short Sale Period, by using the NBBO instead of the PBBO, the Exchange would reject newly arriving sell short Primary Pegged Orders if the NBBO is locked or crossed, and therefore such orders would not be displayed at the NBB. For resting Primary

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[33]   <u>See</u> Pillar II Filing, <u>supra</u> note. 5.

Pegged Orders, if the NBBO becomes locked or crossed, a resting sell

short Primary Pegged Order pegged to the then NBO would remain at its

previously displayed price, which would be permitted pursuant to

proposed Rule 7.16P(f)(6), and would not be re-priced until there is an

NBBO that is not locked or crossed.[34]

For Market Pegged Orders, because such orders are ranked Priority 3 –

Non-Display Orders, a sell short Market Pegged Order that is pegged to

the NBBO during a Short Sale Price Test would be adjusted to a Permitted

Price pursuant to proposed Rule 7.16P(f)(5)(C). For example, assume a

sell short Market Pegged Order is pegged to the PBB, with no offset. If a

Short Sale Price Test is triggered in that security, the Market Pegged

Order would begin pegging to the NBB and its working price would be

adjusted to a Permitted Price. Accordingly, the Market Pegged Order,

which would be undisplayed, would never be permitted to trade at the

NBB.

- Proposed Rule 7.16P(f)(5)(E) would set forth how the Exchange would

    process sell short Tracking Orders during a Short Sale Price Test, which

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[34]   For example, assume that during a Short Sale Period, a sell short Primary Pegged
       Order is pegged to the NBO of 10.00 and there is an NBB of 9.99. If the NBB
       moves up and locks the NBO, pursuant to proposed Rule 7.16P(f)(6), the sell
       short Primary Pegged Order would have been displayed at a price that was above
       then then current NBB and would be eligible to remain displayed at 10.00. If,
       alternately, the sell short Primary Pegged Order was pegged to an NBO of 10.00
       when there is an NBB of 9.99, and then the NBO moves down to lock the 9.99
       NBB, the Primary Pegged Order would not have its working price adjusted from
       10.00 to 9.99, and therefore would remain displayed and eligible to trade at a
       Permitted Price of 10.00.

would be new in Pillar.[35] As proposed, during a Short Sale Price Test, the

working price of a sell short Tracking Order, which is based on the PBO,

would not be adjusted. However, such order would not be eligible to trade

at or below the NBB. Accordingly, if the PBO were equal to or lower

than the NBB, a sell short Tracking Order would not be eligible to trade

until such time that the PBO is equal to a Permitted Price or higher.

- Proposed Rule 7.16P(f)(5)(F) would set forth how the Exchange would

  process sell short IOC Orders during a Short Sale Price Test. The

  proposed rule is based on current Rule 7.16(f)(v)(E), which provides that

  IOC orders requiring that all or part of the order be executed immediately

  will be executed to the extent possible at a Permitted Price and higher and

  then cancelled, and will not be re-priced. The Exchange proposes non-

  substantive differences in proposed Rule 7.16P(f)(5)(F) to use the term

  "traded" instead of "executed" and use proposed Pillar terminology to

  state that the working price would not be adjusted instead of saying "will

  not be re-priced."

- Proposed Rule 7.16P(f)(5)(G) would set forth how the Exchange would

  process sell short Day ISOs during a Short Sale Price Test. The proposed

  rule is based on current Rule 7.16(f)(v)(F), which provides that PNP ISO

  Orders are rejected if the price is at or below the current national best bid.

  The Exchange proposes non-substantive differences in proposed Rule

  7.16(P)(5)(G) to refer to this order as a "Day ISO" instead of a "PNP ISO

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[35] As undisplayed orders, Tracking Orders are currently priced to a Permitted Price, consistent with Rule 7.16(f)(v)(D).

Order," reference the "limit price" and not just the "price," and use the term "NBB" instead of "national best bid."

- Proposed Rule 7.16P(f)(5)(H) would set forth how the Exchange would process Cross Orders for which the sell side is a short sale order and are received during a Short Sale Price Test. Currently, Cross Orders, which are an IOC Order, are subject to Rule 7.16(f)(v)(E) and if the proposed cross price is not at a Permitted Price or higher, the Cross Order is not re-priced but would instead cancel. Proposed Rule 7.16P(f)(5)(H) would provide that Cross Orders with a cross price at or below the NBB would be rejected. Accordingly, Cross Orders in Pillar would be processed the same as provided for in Rule 7.16(f)(v)(E).[36]

- Proposed Rule 7.16P(f)(5)(I) would provide how the Exchange would process sell short orders for which a Short Sale Price Test is triggered after the order is routed. The proposed rule text represents new functionality for Pillar. As proposed, if a Short Sale Price Test is triggered after an order has routed, any returned quantity of the order and the order it joins on the NYSE Arca Book would be adjusted to a Permitted Price. The Exchange proposes to re-price the resting quantity, even if it were eligible to remain displayed at the NBB price pursuant to proposed Rule

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[36] Proposed Rule 7.16P(f)(5)(H) would also describe how the Exchange would process Limit IOC Routable Cross Orders, which is a new form of Cross Order proposed in Pillar that would be eligible to trade at prices other than its cross price. See Pillar II Filing, supra note 5 at proposed Rule 7.31P(g)(2). If a Limit IOC Routable Cross Order has a sell short order and the cross price is not at a Permitted Price or higher, the entire order would be rejected and it would not trade at prices other than the cross price.

7.16P(f)(6), to conform to the general requirement in Pillar that the returned quantity of a partially routed order would join the resting quantity.[37] If the returned quantity would be required to be re-priced to a Permitted Price, then the resting quantity that it joins would similarly be re-priced to a Permitted Price and the order would rest on the NYSE Arca Book at a single price rather than two prices.

Proposed Rule 7.16P(f)(5)(I) would further provide that if the order that was routed was a Reserve Order, the returned quantity of the order would first join the reserve interest at a Permitted Price and be assigned a new working time before being evaluated for replenishing the display quantity of the Reserve Order. This proposed functionality would ensure that the returned quantity of the Reserve Order would be priced at a Permitted Price and would not join any previously displayed quantity that might be eligible to remain displayed at a price equal to or below the NBB pursuant to proposed Rule 7.16P(f)(6). The Exchange proposes to include this level of detail regarding how sell short Reserve Orders would be processed in order to provide transparency in the Exchange's rules regarding how orders operate during a Short Sale Period.

- Proposed Rule 7.16P(f)(5)(J) would provide how orders with a Proactive if Locked/Crossed Modifier would operate during a Short Sale Period and is based on current Rule 7.16(f)(v)(G), which provides that proactive if locked modifiers will be ignored for short sale orders. The Exchange

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[37]   See Pillar I Filing, supra note 4 at proposed Rule 7.36P(f)(1)(B).

proposes a non-substantive difference to rename the modifier as a

"Proactive if Locked/Crossed Modifier," consistent with the proposed

name of the modifier in Pillar.[38]

Proposed Rule 7.16P(f)(6) would provide for the execution of permissible orders

during the Short Sale Period. The proposed rule text is based on current Rule 7.16(f)(vi),

which provides that during the Short Sale Period, Corporation systems will execute and

display a short sale order without regard to price if, at the time of initial display of the

short sale order, the order was at a price above the then current national best bid. Except

as specifically noted in subparagraph (v), short sale orders that are entered into the

Corporation prior to the Short Sale Period but are not displayed will be re-priced to a

Permitted Price. The Exchange proposes minor non-substantive differences to replace

the reference to "national best bid" with a reference to "NBB," update the cross reference

from subparagraph (f)(v) to subparagraph (f)(5), and replace the term "re-priced" with the

term "adjusted."

Proposed Rule 7.16P(f)(7) would provide for short exempt orders. The proposed

rule text is based on current Rule 7.16(f)(vii) with no differences.

Proposed New Rule 7.11P – LULD

Rule 7.11 sets forth rule provisions relating to the LULD Plan and trading pauses

in individual securities due to extraordinary market activity. The Exchange proposes new

Rule 7.11P for Pillar to address the same topic. As proposed, new Rule 7.11P would be

based on the same rule numbering as current Rule 7.11, but with proposed substantive

differences to the paragraph that correlates to current Rule 7.11(a)(6). Specifically, in

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[38]   See Pillar I Filing, supra note 5 at proposed Rule 7.31P(i)(1).

Pillar, the Exchange would expand the number of order types that would be eligible for optional re-pricing instructions.

Rule 7.11P(a)(1) – (4): Current Rule 7.11 is a pilot rule in effect during a pilot period to coincide with the pilot period for the LULD Plan. Proposed Rule 7.11P(a)(1) – (4) for Pillar would be based on current Rule 7.11(a)(1) – (4) with minor non-substantive differences to replace the term "shall" with "will" and "execute" with "trade."

Rule 7.11P(a)(5): Current Rule 7.11(a)(5) provides that Exchange systems shall cancel buy (sell) interest that is priced or could be executed above (below) the Upper (Lower) Price Band, except as specified in Rule 7.11(a)(6). Accordingly, cancelling orders that are priced or could be executed through the bands is the default functionality on the Exchange. Rule 7.11(a)(5) further provides that incoming marketable interest, including market orders, IOC orders, and limit orders, shall be executed, or if applicable, routed to an away market, to the fullest extent possible, subject to Rules 7.31(a)(1) – (3) (Trading Collars for market orders) and 7.31(b)(2) (price check for limit orders), at prices at or within the Price Bands. Any unexecuted portion of such incoming marketable interest that cannot be executed at prices at or within the Price Bands shall be cancelled and the ETP Holder shall be notified of the reason for the cancellation.

The Exchange proposes to maintain the current default to cancel orders that would be priced or traded through the Price Bands. Proposed Rule 7.11P(a)(5) would therefore provide that Exchange systems would cancel buy (sell) interest that is priced or could be traded above (below) the Upper (Lower) Price Band, except as specified in proposed Rule 7.11P(a)(6). This proposed rule text is based on current Rule 7.11(a)(5) with non-substantive difference to change the term "shall" to "will" and "executed" to "traded."

Proposed Rule 7.11P(a)(5)(A) would further provide that incoming marketable interest, including Market Orders, Limit Orders, and Limit Orders designated IOC would be traded, or if applicable, routed to an Away Market, to the fullest extent possible, subject to Rules 7.31P(a)(1)(B) (Trading Collars for Market Orders) and 7.31P(a)(2)(B) (price check for Limit Orders), at prices at or within the Price Bands. Any unexecuted quantity of such incoming marketable interest that cannot be traded at prices at or within the Price Bands would be cancelled and the ETP Holder would be notified of the reason for the cancellation. This proposed rule text is based on current Rule 7.11(a)(5)(A) with non-substantive differences to capitalize "Away Market," "Market Order," "Limit Order," and "Limit Orders designated IOC," use the term "will" instead of "shall," use the term "traded" instead of "executed," and update cross references to proposed Rule 7.31P.

The Exchange also proposes to add proposed Rule 7.11P(a)(5)(B), which would provide that Cross Orders with a cross price above the Upper Price Band or below the Lower Price Band would be rejected. This would be new rule text in Pillar. Cross Orders, which are IOC, are currently subject to current Rule 7.11(a)(5), which provides that IOC Orders execute to the fullest extent possible at prices at or within the Price Bands, and any unexecuted portion that cannot be executed at prices at or within the Price Bands shall be cancelled. Accordingly, if the cross price of a Cross Order cannot be executed at prices at or within the Price Bands, the Cross Order will be cancelled. Proposed Rule 7.11P(a)(5)(B) is based on this rule text, but would also address how the Exchange would process in Pillar the proposed new Limit IOC Routable Cross Orders,

which are eligible to trade at prices other than their cross price.[39] In Pillar, both the Limit

IOC Cross Order and the Limit IOC Routable Cross Order would cancel if the cross price

were outside the Price Bands, and therefore the proposed Limit IOC Routable Cross

Order would not trade with any interest on the NYSE Arca Book or route to Away

Market interest that is within the Price Bands.

Rule 7.11(a)(6): Current Rule 7.11(a)(6) sets forth the discretionary instruction to

re-price eligible Limit Orders and provides that for specified limit orders, ETP Holders

may enter an instruction for the Exchange to re-price a buy (sell) order that is priced

above (below) the Upper (Lower) Price Band to the Upper (Lower) Price Band rather

than cancel the order, provided, however, that if a Discretionary Order includes a

discretionary price that is priced above (below) the Upper (Lower) Price Band, the

Exchange shall cancel such order.

- Current Rule 7.11(a)(6)(A) further provides that instructions to re-price
  eligible orders shall be applicable to both incoming and resting orders and
  if the Price Bands move and the original limit price of a re-priced order if
  at or within the Price Bands, Exchange systems shall re-price such limit
  order to its original limit price.

- Current Rule 7.11(a)(6)(B) provides that each time an eligible order is re-
  priced, it shall receive a new time priority.

- Current Rule 7.11(a)(6)(C) sets forth the order types eligible for re-pricing
  instructions, which are Adding Liquidity Only Orders, Discretionary
  Orders, Inside Limit Orders, Limit Orders, PNP ISO, PNP Orders,

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[39]   See Pillar II Filing, supra note 5 at proposed Rule 7.31P(g)(2).

Proactive if Locked Reserve Orders, Reserve Orders, Primary Until 9.:45

Orders, Primary After 3:55 Orders, and Primary Sweep Orders.

- Finally, current Rule 7.11(a)(6)(D) provides that for an order type eligible

  for re-pricing instructions under Rule 7.11(a)(6)(C) that is also a short sell

  order, during a Short Sale Price Test, as set forth in Rule 7.16(f), a short

  sale order priced below the Lower Price Band shall be re-priced to the

  higher of the Lower Price Band or the Permitted Price, as defined in Rule

  7.16(f)(ii), and that Sell short orders that are not eligible for re-pricing

  instructions will be treated as any other order pursuant to Rule 7.11(a)(5).

In Pillar, the Exchange proposes substantive differences to expand the number of

order types eligible for re-pricing instructions. In addition, rather than specifying which

order types would be eligible for re-pricing instructions, the Exchange would enumerate

which order types would not be eligible for re-pricing instructions. Accordingly, as

proposed, Rule 7.11P(a)(6) would provide that ETP Holders may enter an instruction for

the working price of a Limit Order to buy (sell) with a limit price above (below) the

Upper (Lower) Price Band to be adjusted to a price that is equal to the Upper (Lower)

Price Band rather than cancel the order. The proposed rule text is based on current Rule

7.11(a)(6) with both substantive differences to reference that Limit Orders are eligible for

re-pricing instructions and non-substantive differences to use Pillar terminology.[40] The

Exchange proposes to reference the working price of an order to be clear that for order

types that may have a working price that is more aggressive than the display price, it

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[40]   The Exchange will not reference Discretionary Orders in proposed Rule
       7.11P(a)(6) because the Exchange will not be offering Discretionary Orders in
       Pillar. See Pillar II Filing, supra note 5.

would be the working price that would be adjusted. For example, an Arca Only Order or

ALO Order to buy that would have a working price equal to the PBO, if the PBO were

above the Upper Price Band, the working price would be adjusted to be equal to the

Upper Price Band.

Proposed Rule 7.11P(a)(6)(A) would be new rule text that enumerates which

orders would not be eligible for re-pricing instructions in Pillar.[41] As proposed, re-

pricing instructions would not be available for Market Orders, Auction-Only Orders, Q

Orders, Primary Only Orders, or any Limit Order that includes an IOC modifier,

including Cross Orders. The rule would also provide that instructions to re-price

included with a Primary Until 9:45 Order or Primary After 3:55 Order would only be

enforced when such orders are entered on or resting on the NYSE Arca Book.[42] The

Exchange believes that proposed Rule 7.11P(a)(6)(A) would provide additional clarity in

Exchange rules regarding which orders would be eligible for re-pricing instructions, and

if eligible, when they would be re-priced.

Proposed Rule 7.11P(a)(6)(B) would provide that instructions to re-price eligible

Limit Orders would be applicable to both incoming and resting orders and that if the

Price Bands move and the original limit price of a re-priced order is at or within the Price

Bands, such a Limit Order would be adjusted to its limit price. This proposed rule text is

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[41]   Because in Pillar the Exchange would enumerate which orders are not eligible for
re-pricing instructions rather than list orders that would be eligible for re-pricing
instructions, the Exchange would not include rule text based on current Rule
7.11(a)(6)(C) in the Pillar rule.

[42]   This proposed rule text in Rule 7.11P(a)(6)(A) regarding Primary Until 9:45
Orders and Primary After 3:55 Orders is consistent with current Rule 7.11(a)(7)
and proposed Rule 7.11P(a)(7), which provide that the Exchange routes these
orders to the primary listing market regardless of price.

based on current Rule 7.11(a)(6)(A) with non-substantive differences to refer to "Limit

Orders" instead of "orders" and to use the term "adjust" rather than "reprice."

Proposed Rule 7.11P(a)(6)(C) would set forth proposed new functionality in Pillar

regarding how MPL Orders would be processed. Currently, MPL Orders are not eligible

for re-pricing instructions, and therefore would cancel if they would trade outside the

Price Bands. In Pillar, MPL Orders would be eligible for re-pricing instructions. If such

instruction were included on an MPL Order, such order would not cancel if the midpoint

of the PBBO were outside the Price Bands, but nor would it re-price. Accordingly, as

proposed, Rule 7.11P(a)(6)(C) would provide that an MPL Order that has an instruction

to re-price would not cancel, but would not be re-priced or eligible to trade if the

midpoint of the PBBO is below the Lower Price Band or above the Upper Price Band.

The Exchange believes that the proposed functionality would provide more options for

ETP Holders entering MPL Orders so that such orders would not be cancelled if they

would trade through a Price Band, but also to honor the intent of the order to trade only at

the midpoint of the PBBO.

Proposed Rule 7.11P(a)(6)(D) would be based on current Rule 7.11(a)(6)(D)

relating to Sell Short Orders with non-substantive differences to update cross references

to proposed Rule 7.16P instead of Rule 7.16. In addition, to reflect the proposed

substantive difference of which orders would be eligible for re-pricing instructions in

Pillar, the Exchange proposes a non-substantive difference to the first sentence of the

proposed rule so that it begins with "[i]f an eligible order includes repricing instructions

and is also a sell short order," instead of the current first sentence of Rule 7.11(a)(6)(D),

which states, "[f]or an order type eligible for repricing instructions under (6)(C) above

that is also a short sell order."

Finally, the Exchange would not be including in Rule 7.11P(a)(6) rule text currently set forth in Rule 7.11(a)(6)(A) regarding time priority. As discussed in greater detail in the Pillar I Filing, pursuant to proposed Rule 7.36P(f)(2), an order would be assigned a new working time any time the working price of the order changes and orders re-priced pursuant to proposed Rule 7.11P(a)(6) would be subject to this requirement.[43] Therefore, the Exchange would not restate this same requirement in proposed Rule 7.11P.

Rule 7.11P(a)(7) – (8): Current Rule 7.11(a)(7) provides that Exchange systems shall not route buy (sell) interest to an away market displaying a sell (buy) quote that is above (below) the Upper (Lower) Price Band, provided that the Exchange shall route Primary Only Orders (Rule 7.31(x)), Primary Until 9:45 Orders (Rule 7.31(oo)), Primary After 3:55 Orders (Rule 7.31(pp)), and Primary Sweep Orders (Rule 7.31(kk)) to the primary listing market regardless of price. Proposed Rule 7.11P(a)(7) would be based on current Rule 7.11(a)(7) with non-substantive differences to use the term "will" instead of "shall," use the term "orders" instead of "interest," capitalize the term "Away Market," use the term "primary listing market" instead of "primary market", remove rule cite cross references, and delete reference to Primary Sweep Orders.[44]

Current Rule 7.11(a)(8) provides that the Exchange may declare a Trading Pause for an NMS Stock listed on the Exchange when (i) the National Best Bid (Offer) is below (above) the Lower (Upper) Price Band and the NMS Stock is not in a Limit State; and (ii)

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43   See Pillar I Filing, supra note 4.

44   The Exchange eliminated Primary Sweep Orders in 2015. See Securities
        Exchange Act Release No. 74796 (April 23, 2015), 80 FR 12537 (March 9, 2015)
        (SR-NYSEArca-2015-08) (Approval order).

trading in that NMS Stock deviates from normal trading characteristics. Proposed Rule

7.11P(a)(8) would be based on current Rule 7.11(a)(8) without any differences.

Rule 7.11P(b): Current Rule 7.11(b) sets forth how Trading Pauses operate on the

Exchange. Because the LULD Plan has been fully implemented across all Tier 1 and

Tier 2 NMS Stocks, the Exchange no longer pauses trading in securities as provided for

in current Rules 7.11(b)(1) and (3) –(5). However, the Exchange proposes to maintain

this rule text while the LULD Plan is a pilot. Accordingly, proposed Rule 7.11P(b)(1) –

(5) would be based on current Rule 7.11(b)(1) – (5) with non-substantive differences to

replace the term "will" with "shall," replace time references from Pacific Time to Eastern

Time, and replace a cross-reference from Rule 7.35 to Rule 7.35P.

Current Rule 7.11(b)(6) provides for how the Exchange processes new and

existing orders during a trading pause issued by another primary listing market. As

described above, proposed Rule 7.18P(b) would set forth in Pillar how the Exchange

would process new and existing orders during a UTP Regulatory Halt, which would

include a trading pause issued by another primary listing market. Accordingly, the

Exchange would not include rule text from current Rule 7.11(b)(6) in the proposed Rule

7.11P(b).

Proposed New Rule 7.38P – Odd Lots and Mixed Lots

Rule 7.38 sets forth requirements relating to odd lots and mixed lots, which are

terms defined in Rule 7.6. The Exchange proposes new Rule 7.38P to address odd lots

and mixed lots in Pillar, including circumstances when odd lot orders would be treated

differently than round lot orders.

Proposed Rule 7.38P(a) would provide that Rules 7.31P and 7.44P would specify

whether an order may be entered as an odd lot or mixed lot. Unlike current Rule 7.38, the Exchange proposes that in Pillar, whether an order would be eligible to be entered as an odd lot or mixed lot would be covered in proposed Rules 7.31P and 7.44P. [45] Accordingly, rule text set forth in current Rules 7.38(a)(1) and (2) would not be included in proposed Rule 7.38P(a). [46]

Proposed Rule 7.38P(b) would provide that round lot, mixed lot, and odd lots would be treated in the same manner in the NYSE Arca Marketplace. This rule text is based on current Rule 7.38(b), without any differences.

The Exchange proposes that the general rule in Rule 7.38P(b) would be subject to specific requirements in certain cases, as set forth in proposed Rules 7.38P(b)(1) and (b)(2).

- Proposed Rule 7.38P(b)(1) would provide that the working price of an odd lot order would be adjusted both on arrival and when resting on the NYSE

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[45] See Pillar II Filing, supra note 5 at proposed Rules 7.31P(d)(1)(A) (Reserve Orders must be entered in round lots, and therefore cannot be entered as odd lots or mixed lots); 7.31P(c)(3)(E) (MPL-IOC Orders must be entered with a minimum of one round lot, and therefore may not be entered in odd lots); 7.31P(d)(4) (Tracking Orders must be in entered in round lots, and therefore cannot be entered as odd lots or mixed lots); 7.31P(e)(2) (Arca Only ALO Orders must have a minimum of one displayed round lot on entry, and therefore cannot be entered as an odd lot); 7.31P(h)(2)(A) (Primary Pegged Orders must be entered with a minimum of one round a lot); and 7.31P(j)(1) (Q Orders must be entered with a minimum of one round lot displayed, and therefore cannot be entered as an odd lot). Proposed Rule 7.44P(1)(3) would provide that Retail Orders may be entered as an odd lot, round lot, or mixed lot.

[46] Current Rule 7.38(a)(1) provides that all orders submitted by Users to the NYSE Arca Marketplace must be Market Orders or Limit Orders and the following orders may not be entered in odd lots: Reserve Orders, MPL-IOC Orders, Tracking Orders, or Q Orders. Current Rule 7.38(a)(2) provides that Mixed lot orders submitted by Users to the NYSE Arca Marketplace may be any order type supported by the NYSE Arca Marketplace, unless inconsistent with the order type descriptions found in Rule 7.31.

Arca Book based on the limit price of the order. If the limit price of such odd lot order to buy (sell) is at or below (above) the PBO (PBB), it would have a working price equal to the limit price. If the limit price of such odd lot order to buy (sell) is above (below) the PBO (PBB), it would have a working price equal to the PBO (PBB). The proposed rule text uses Pillar terminology to describe how the Exchange would price odd-lot orders that are not displayed as part of the BBO so that they would not trade through the PBBO.[47]

- Proposed Rule 7.38P(b)(2) would set forth the working time that would be assigned to the returned quantity of an order that create a new BBO when it joins resting quantity of the order. As proposed, the rule would provide that for an order that is partially routed to an Away Market on arrival, if any returned quantity of the order joins resting odd-lot quantity of the original order and the returned and resting quantity, either alone or together with other odd-lot orders, would be displayed as a new BBO, both the returned and resting quantity would be assigned a new working time.

As set forth in the Pillar I Filing, proposed Rule 7.36P(f)(1)(B) would provide 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.[48]

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[47]   See, e.g., Pillar II Filing, supra note 5 at proposed Rule 7.31P(d)(2)(A) (describing the working price assigned to Limit Non-Displayed Orders).

[48]   Id. The display price of an odd lot order may differ from the working price of the order.

If any unexecuted portion of the order returns 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.

Proposed Rule 7.38P(b)(2) would provide for an exception to this general requirement and is intended to prevent the Exchange from displaying a new BBO that would lock or cross an Away Market PBBO. Without this exception, if the returned quantity joined the resting quantity's working time and is then displayed as a new BBO, it would be considered to have an earlier working time than an updated PBBO, even though the new BBO may be displayed after the PBBO was updated. By assigning a new working time to the new displayed BBO, the Exchange would evaluate it for routing as if it were a newly arriving order.

For example, assume the PBBO is 9.98 x 10.00 and the 10.00 PBO is on an Away Market for 100 shares. The Exchange receives a Limit Order to buy "A" for 120 shares priced at 10.00 and would route 100 shares of A to the Away Market, and 20 shares would be entered on the NYSE Arca Book and assigned a working time. Because 20 shares is an odd lot quantity, the Exchange could enter it onto the NYSE Arca Book without locking the PBO. Assume that the returned quantity of A is 80 shares, and between the time the order was routed and it returns unexecuted, a second Away Market displays an offer of 10.00, which is the new PBO. The returned quantity of A together with the resting quantity of A would equal

100 shares, and therefore would constitute the best ranked non-marketable

displayed Limit Order on the Exchange and would become the BB. As

proposed, the entire quantity of A would be assigned a new working time,

which would be the time the returned quantity returns to the Exchange.

The Exchange would then evaluate whether the order should be routed,

and in this case, because it would create a new BB that would lock an

existing PBO, the Exchange would route the 100 shares to the new PBO.

The Exchange would only have to assign a new working time if the

returning quantity would join resting odd-lot interest that would result in a

new BBO. If the resting quantity of the order were a round lot or more,

and therefore already displayed as the best ranked non-marketable interest,

the returned quantity could join that resting interest at the working time of

the resting interest pursuant to proposed Rule 7.36P(f)(1)(B).

Proposed New Rule 7.10P – Clearly Erroneous Executions

The Exchange proposes to adopt new Rule 7.10P for Pillar in order to reflect

terminology changes proposed in the Pillar I Filing and to replace obsolete terms. As

proposed, new Rule 7.10P would have the same rule text and paragraph numbering as

Rule 7.10 and would not have any substantive differences from Rule 7.10. The Exchange

proposes the following non-substantive differences for proposed Rule 7.10P.

- To replace the term "shall" with "will" throughout the rule and replace the

  term "shall mean" in proposed Rule 7.10P(i) with "means."

- To use the terms "Early Trading Session" instead of "Opening Session"

  and "Late Trading Session" instead of "Late Session" in proposed Rules

7.10P(c)(1) and 7.10P(c)(3), which would reflect the new terms proposed in the Pillar I Filing in proposed Rule 7.34P and are based on current Rule 7.10(c)(1) and 7.10(c)(3).

- To replace the term "ie." with the term "e.g.," in proposed Rule 7.10P(c)(2).

- To capitalize the term "Cross Order" and delete an obsolete reference to the Portfolio Crossing Service[49] in proposed Rule 7.10P(e)(1), which is based on current Rule 7.10(e)(1).

- To replace the term "NYSE Arca Equities" with "Exchange" as the modifier for Chief Regulatory Officer in proposed Rule 7.10P(e)(3), which is based on current Rule 7.10(e)(3). The Chief Regulatory Officer is an officer of NYSE Arca, which is the Exchange, and not its wholly-owned subsidiary NYSE Arca Equities. Therefore, changing the term to "Exchange" more accurately reflects the entity for which the Chief Regulatory Officer is an officer.

- To replace the term "3:00 ET" with the term "3:00 p.m. Eastern Time" in proposed Rule 7.10P(e)(3), which is based on current Rule 7.10(e)(3) and is consistent with the proposed manner to describe time in the Pillar I Filing.

- To replace the term "Member" with "ETP Holder" in proposed Rule

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[49] The Exchange eliminated the Portfolio Crossing Service in 2014. See Securities Exchange Act Release No. 72942 (Aug. 28, 2014), 79 FR 52784 (Sept. 4, 2014) (SR-NYSEArca-2014-75) (Approval order for filing that eliminated specified order types, modifiers, and related references).

7.10P(i), which is based on current Rule 7.10(i).

The Exchange also proposes non-substantive differences to update cross references in the Rule from Rule 7.10 to Rule 7.10P.

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As discussed in the Pillar I Filing, 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 pending the full migration of Pillar is necessary because they would continue to govern trading on the current trading platform 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"),[50] in general, and furthers the objectives of Section 6(b)(5),[51] 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 rules proposed in this filing, together with the rules proposed in the Pillar I Filing and the Pillar II Filing, would remove impediments to and perfect the mechanism of a free and open market because they would promote transparency by using

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[50]   15 U.S.C. 78f(b).

[51]   15 U.S.C. 78f(b)(5).

consistent terminology for rules 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 would be conducted on the Pillar trading

platform. 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.   In addition, the proposed

use of new Pillar terminology would promote consistency in the Exchange's rulebook

regarding how the Exchange would process new and existing orders during a trading halt,

how sell short orders would be processed during a Short Sale Period, how orders would

be processed consistent with the requirements of the LULD Plan, and when odd-lot

orders would be treated differently than round-lot orders.

The Exchange believes that the proposed amendments to existing definitions in

Rule 1.1 would remove impediments to and perfect the mechanism of a fair and orderly

market because they would not make any substantive changes to Exchange rules, but

rather are designed to reduce confusion by eliminating obsolete references and terms and

therefore streamline the Exchange's rules. The Exchange further believes that the

proposed new definition for the term "Official Closing Price" would remove

impediments to and perfect the mechanism of a fair and orderly market because the

proposed definition would promote transparency regarding the reference price the

Exchange would use in Pillar for purposes of calculating Trading Collars, pursuant to

proposed Rule 7.31P(a)(1)(B), and for purposes of determining a Trigger Price pursuant

to proposed Rule 7.16P(f)(2).

For determining the Official Closing Price, the Exchange believes that in the absence of a Closing Auction of a round lot or more, the most recent consolidated last sale eligible trade during Core Trading Hours best approximates the market's determination of the appropriate price of such securities. In addition, using only those trades that occur during Core Trading Hours that are last sale eligible would remove impediments to and perfect the mechanism of a fair and orderly market because the lower liquidity during the Early and Late Trading Sessions may mean that trades occurring during those sessions may not be as representative of the price of the security and odd-lot trades may indicate an anomalous trade.

The Exchange believes that proposed Rule 7.18P would remove impediments to and perfect the mechanism of a fair and orderly market because it would set forth in a single rule the requirements for trading halts on the Exchange in both UTP Securities and Exchange-listed securities, which are currently set forth in Rules 7.11(b)(6), 7.18, and 7.34(a)(4) and (a)(5). The Exchange believes that the proposed substantive differences for Rule 7.18P as compared to the current rules would remove impediments to and perfect the mechanism of a fair and orderly market for the following reasons:

- Waiting until receipt of a Price Band in a UTP Security before resuming trading following a UTP Regulatory Halt would assure that the Exchange would not begin trading in a UTP Security before the protections of the LULD Plan would be available. In addition, not holding a Trading Halt Auction on the Exchange in a UTP Security, together with rejecting new orders and routing Primary Only Orders received during a UTP Regulatory Halt to the primary listing market, would protect investors and

the public by promoting price discovery and liquidity on the primary

listing market for its re-opening auction.

- Processing new and existing orders for UTP Securities differently from new and existing orders in Exchange-listed securities during a halt, suspension, or trading pause would complement the proposal not to conduct a Trading Halt Auction in a UTP Security, as discussed above. For Exchange-listed securities, because the Exchange would be conducting a Trading Halt Auction, the Exchange would accept new orders that would be eligible to participate in such auction. In addition, to facilitate such auction, the Exchange would not cancel resting Pegged Orders and would adjust the working price of resting Limit Orders (including Pegged Orders) to their limit price so that such orders could participate in a Trading Halt Auction at their limit prices. The Exchange believes such proposed processing of new and existing orders would promote liquidity and price discovery for Trading Halt Auctions in Exchange-listed securities.

With respect to Short Sales, the Exchange believes that proposed Rule 7.16P

would remove impediments to and perfect the mechanism of a fair and orderly market

because it would use Pillar terminology to describe how the Exchange would process sell

short orders during a Short Sale Period, consistent with Rule 201 of Regulation SHO.

More specifically, the Exchange believes that using the new term "Official Closing

Price" for determining the Trigger Price of a security in Rule 7.16P(f)(2) is consistent

with Rule 201(b)(1)(i) of Regulation SHO, which requires that the listing market

determine the closing price of a covered security, but does not require that the Exchange

use the closing auction on the Exchange to determine that closing price. The Exchange

believes that using the Official Closing Price would provide for a closer approximation of

determining the Trigger Price because in the absence of a closing auction of a round lot

or more, it would include consolidated last sale prices, and not just last sale prices on the

Exchange, which is consistent with how other markets operate.[52]

The Exchange believes that how it would process sell short orders during a Short

Sale Period, set forth in proposed Rule 7.16P(f)(5), would remove impediments to and

perfect the mechanism of a fair and orderly market because the proposed processing

would assure that sell short orders would neither trade at the NBB or be displayed at the

NBB, unless an order is eligible for an exemption pursuant to proposed Rule 7.16P(f)(6)

or (f)(7). More specifically, the Exchange believes that the proposal to expand the

existing reject option for sell short orders that would be required to be re-priced to apply

also to resting orders would remove impediments to and perfect the mechanism of a fair

and orderly market because it would be consistent with the intent of the instruction,

which is to not have such orders re-price. The Exchange further believes that the

proposed processing in Pillar of odd-lot orders that are ranked Priority 2, Pegged Orders,

Cross Orders, and Tracking Orders would remove impediments to and perfect the

mechanism of a fair and orderly market and is consistent with Rule 201 of Regulation

SHO because the proposed processing would assure that such orders would not trade at

the NBB or be displayed at the NBB as the NBB moves both up and down.

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[52]   See supra notes 26 and 28.

With respect to proposed Rule 7.11P, the Exchange believes that the proposed substantive difference to expand the number of Limit Orders eligible for re-pricing instructions would be consistent with the LULD Plan, and therefore would remove impediments to and perfect the mechanism of a fair and orderly market, because the proposed re-pricing of such orders would assure that such orders would not trade at or be displayed at prices outside of the Price Bands. The Exchange further believes that expanding the number of orders eligible for re-pricing instructions would provide ETP Holders with more options regarding how orders would be processed in compliance with the LULD Plan. With respect to MPL Orders, the Exchange believes that proposed Rule 7.11P(a)(6)(C) would remove impediments to and perfect the mechanism of a fair and orderly market because the proposal would provide ETP Holders with the choice for such orders not to be cancelled, and instead remain on the NYSE Arca Book until such time that the working price would be at a price eligible to trade consistent with the LULD Plan. The Exchange further believes that using Pillar terminology to describe how orders would be re-priced would promote consistency in Exchange rules, making them easier to navigate.

With respect to proposed Rule 7.38P, the Exchange believes that the proposed rule would promote consistency in the Exchange's rule book by using Pillar terminology to describe how the Exchange would price odd lot orders so that they would not trade through the PBBO. The Exchange further believes that proposed Rule 7.38P(b)(2) would remove impediments to and perfect the mechanism of a fair and orderly market because it would promote transparency in Exchange rules regarding the working time that would be assigned to an order that has been partially routed and if when it returns, would be

displayed as a new BBO. The proposed assignment of the working time of the returned order would assure that such new BBO, which would be comprised of the returned quantity together with the resting odd-lot quantity, would be evaluated for whether it would lock or cross a protected quotation.

Finally, the Exchange believes that proposed Rule 7.10P, regarding clearly erroneous executions, would remove impediments to and perfect the mechanism of a fair and orderly market because it would use Pillar terminology, without any substantive differences from current Rule 7.10.

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, the Exchange proposes new rules for Pillar to address trading halts, Short Sales, the LULD Plan, and odd lots, which would be based on current rules with both substantive and non-substantive differences. The proposed substantive differences would promote competition because the Exchange would be offering functionality that is consistent with the proposed new orders and modifiers, as discussed in the Pillar II Filing, in a manner consistent with Rule 201 of Regulation SHO and the LULD Plan and to assure that odd lot orders would not trade through the PBBO. With respect to trading halts, the Exchange believes that proposed Rule 7.18P would promote price discovery and liquidity on the primary listing market for re-opening auctions following a halt, suspension, or trading pause, thereby supporting competition. The

proposed non-substantive differences would be to use new Pillar terminology, which

would promote consistent use of terminology to support the Pillar trading platform

making the Exchange's rules easier to navigate.

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

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

change.

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

Within 45 days of the date of publication of this notice in the <u>Federal</u> <u>Register</u>

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.   <u>Solicitation of Comments</u>

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:

<u>Electronic comments:</u>

- 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-2015-58 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-2015-58. 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-2015-58 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.[53]

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[53]   17 CFR 200.30-3(a)(12).

Robert W. Errett
Deputy Secretary

Exhibit 5

Additions: Underlined
Deletions: [Bracketed]

Rules of NYSE Arca Equities, Inc.

Rule 1 Definitions

Rule 1.1. Definitions

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[Reserved] **Official Closing Price**

(ggP) [Reserved] The term "Official Closing Price" means the reference price to determine the closing price in a security for purposes of Rule 7 Equities Trading. The Official Closing Price is determined as follows:

(1) For securities listed on NYSE Arca, the Official Closing Price is the price established in a Closing Auction of one round lot or more on a trading day. If there is no Closing Auction or if a Closing Auction trade is less than a round lot on a trading day, the Official Closing Price is the most recent consolidated last sale eligible trade during Core Trading Hours on that trading day. If there were no consolidated last sale eligible trades during Core Trading Hours on that trading day, the Official Closing Price will be the prior trading day's Official Closing Price.

(2) For securities listed on an exchange other than NYSE Arca, the Official Closing Price is the official closing price disseminated by the primary listing market for that security via a public data feed on a trading day. If the primary listing market does not disseminate an official closing price on a trading day, the Official Closing Price is the most recent consolidated last sale eligible trade during Core Trading Hours on that trading day. If there were no consolidated last sale eligible trades during Core Trading Hours on that trading day, the Official Closing Price will be the prior trading day's Official Closing Price.

An Official Closing Price may be adjusted to reflect corporate actions or a correction to a closing price, as disseminated by the primary listing market for the security.

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[OTC/UTP Participant] <u>Reserved</u>

(hh) <u>Reserved</u> [The term "UTP Participant" shall mean any registered national securities exchange or national securities association that is a signatory to the UTP Plan.]

UTP [Plan] <u>Security</u>

(ii) The term "UTP <u>Security</u> [Plan]" [shall] means <u>a security that is listed on a national securities exchange other than the Exchange and that trades on the NYSE Arca Marketplace pursuant to unlisted trading privileges</u> [the Nasdaq Unlisted Trading Privileges Plan, as from time to time amended according to its provisions].

UTP Listing Market

(jj) The term "UTP Listing Market" [for a Nasdaq Security shall have the same meaning assigned to it in the Nasdaq Unlisted Trading Privileges Plan, as amended, or for any other security shall] mean<u>s</u> the primary listing market for [the] <u>a UTP Security</u>.

UTP Regulatory Halt

(kk) The term "UTP Regulatory Halt" means a trade suspension<u>,</u> [or] halt<u>, or pause</u> called by the UTP Listing Market <u>in a UTP Security that requires all market centers to halt trading in that security.</u> [for the purpose of dissemination of material news].

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Rule 7 Equities Trading

Section 1. General Provisions

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Rule 7.10. Clearly Erroneous Executions

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(k) *Trading Halts.* In the event of any disruption or malfunction in the operation of the electronic communications and trading facilities of the Exchange, another market center or responsible single plan processor in connection with the transmittal or receipt of a regulatory trading halt, suspension or pause, an Officer, acting on his or her own motion, shall nullify any transaction in a security that occurs after the primary listing market for such security declares a regulatory trading halt, suspension or pause with respect to such security and before such regulatory trading halt, suspension or pause with respect to such security has officially ended according to the primary listing market. In addition, in the event a regulatory trading halt, suspension or pause is declared, then prematurely lifted in error and is then re-instituted, an Officer shall nullify transactions that occur before the

official, final end of the halt, suspension or pause according to the primary listing market. Any action taken in connection with this paragraph shall be taken in a timely fashion, generally within thirty (30) minutes of the detection of the erroneous transaction and in no circumstances later than the start of Core Trading Hours on the trading day following the date of execution(s) under review. Any action taken in connection with this paragraph will be taken without regard to the Numerical Guidelines set forth in this Rule. Each ETP Holder involved in a transaction subject to this paragraph shall be notified as soon as practicable by the Exchange, and the party aggrieved by the action may appeal such action in accordance with the provisions of paragraph (e)(2) above.

Rule 7.10P. Clearly Erroneous Executions

The provisions of paragraphs (c), (e)(2), (f), and (g) of this Rule, as amended on September 10, 2010, and the provisions of paragraphs (i) through (k), will be in effect during a pilot period to coincide with the pilot period for the Limit Up-Limit Down Plan, including any extensions to the pilot period for the Plan. If the Plan is not either extended or approved as permanent, the prior versions of sections (c), (e)(2), (f), and (g) will be in effect, and the provisions of paragraphs (i) through (k) will be null and void.

(a) *Definition.* For purposes of this Rule, the terms of a transaction executed on the Corporation are "clearly erroneous" when there is an obvious error in any term, such as price, number of shares or other unit of trading, or identification of the security. A transaction made in clearly erroneous error and cancelled by both parties or determined by the Corporation to be clearly erroneous will be removed from the Consolidated Tape.

(b) *Request and Timing of Review.* An ETP Holder that receives an execution on an order that was submitted erroneously to the Corporation for its own or customer account may request that the Corporation review the transaction under this Rule. An Officer of the Corporation or such other employee designee of the Corporation ("Officer") will review the transaction under dispute and determine whether it is clearly erroneous, with a view toward maintaining a fair and orderly market and the protection of investors and the public interest. Such request for review will be made in writing via e-mail or other electronic means specified from time to time by the Exchange in a circular distributed to ETP Holders.

   (i) *Requests for Review.* Requests for review must be received within thirty (30) minutes of execution time and will include information concerning the time of the transaction(s), security symbol(s), number of shares, price(s), side (bought or sold), and factual basis for believing that the trade is clearly erroneous. Upon receipt of a timely filed request that satisfies the numerical guidelines set forth in Section (c)(1) of this Rule, the counterparty to the trade will be notified by the Corporation as soon as practicable, but generally within 30 minutes. An Officer may request additional supporting written information to aid in the resolution of the matter. If requested, each party to the transaction will provide, within thirty (30) minutes of the request, any supporting written information. Either party to the disputed trade may request the supporting written information provided by the other party on the matter.

(ii) *Routed Executions.* Other market centers will generally have an additional 30 minutes from receipt of their participant's timely filing, but no longer than 60 minutes from the time of the execution at issue, to file with the Exchange for review of transactions routed to the Exchange from that market center and executed on the Exchange.

(c) *Thresholds.* Determinations of a clearly erroneous execution will be made as follows:

(1) *Numerical Guidelines.* Subject to the provisions of paragraph (c)(3) below, a transaction executed during the Core Trading Session or the Early and Late Trading Session will be found to be clearly erroneous if the price of the transaction to buy (sell) that is the subject of the complaint is greater than (less than) the Reference Price by an amount that equals or exceeds the Numerical Guidelines set forth below. The Reference Price will be equal to the consolidated last sale immediately prior to the execution(s) under review except for: (A) Multi-Stock Events involving twenty or more securities, as described in (c)(2) below; and (B) in other circumstances, such as, for example, relevant news impacting a security or securities, periods of extreme market volatility, sustained illiquidity, or widespread system issues, where use of a different Reference Price is necessary for the maintenance of a fair and orderly market and the protection of investors and the public interest.

Reference Price, Circumstance or Product:	Core Trading Session Numerical Guidelines (Subject transaction's % difference from the Reference Price:	Early and Late Trading Session Numerical Guidelines (Subject transaction's % difference from the Reference Price:
Between $0.00 and $25.00	10%	20%
Between $25.01 and $50.00	5%	10%
Greater than $50.00	3%	6%
Multi-Stock Event - Filings involving five or more, but less than twenty, securities whose executions occurred within a period of five minutes or less	10%	10%
Multi-Stock Event - Filings involving twenty or more	30%, subject to the terms of paragraph (c)(2)	30%, subject to the terms of paragraph (c)(2)

securities whose executions occurred within a period of five minutes or less	below	below
Leveraged ETF/ETN securities	Core Trading Session Numerical Guidelines multiplied by the leverage multiplier (e.g., 2x)	Core Trading Session Numerical Guidelines multiplied by the leverage multiplier (e.g., 2x)

(2) Multi-Stock Events Involving Twenty or More Securities. During Multi-Stock Events involving twenty or more securities the number of affected transactions may be such that immediate finality is necessary to maintain a fair and orderly market and to protect investors and the public interest. In such circumstances, the Exchange may use a Reference Price other than consolidated last sale. To ensure consistent application across market centers when this paragraph is invoked, the Exchange will promptly coordinate with the other market centers to determine the appropriate review period, which may be greater than the period of five minutes or less that triggered application of this paragraph, as well as select one or more specific points in time prior to the transactions in question and use transaction prices at or immediately prior to the one or more specific points in time selected as the Reference Price. The Exchange will nullify as clearly erroneous all transactions that are at prices equal to or greater than 30% away from the Reference Price in each affected security during the review period selected by the Exchange and other markets consistent with this paragraph.

(3) *Additional Factors.* Except in the context of a Multi-Stock Event involving five or more securities, an Officer may also consider additional factors to determine whether an execution is clearly erroneous, including but not limited to, system malfunctions or disruptions, volume and volatility for the security, derivative securities products that correspond to greater than 100% in the direction of a tracking index, news released for the security, whether trading in the security was recently halted/resumed, whether the security is an IPO, whether the security was subject to a stock-split, reorganization, or other corporate action, overall market conditions, Early and Late Trading Session executions, validity of the consolidated tapes trades and quotes, consideration of primary market indications, and executions inconsistent with the trading pattern in the stock. Each additional factor will be considered with a view toward maintaining a fair and orderly market and the protection of investors and the public interest.

(d) *Outlier Transactions.* In the case of an Outlier Transaction, an Officer may at its sole discretion, and on a case-by-case basis, consider requests received pursuant to subsection (b) of this Rule after 30 minutes, but not longer than sixty minutes after the transaction in question, depending on the facts and circumstances surrounding such request.

(1) "Outlier Transaction" means a transaction where:

    (A) the execution price of the security is greater than three times the current Numerical Guidelines set forth in Paragraph (c)(1) of this Section, or

    (B) the execution price of the security in question is not within the Outlier Transaction parameters set forth in Paragraph (d)(1)(A) of the Section but breaches the 52-week high or 52-week low, the Corporation may consider Additional Factors as outlined in 7.10(c)(3), in determining if the transaction qualifies for further review or if the Corporation will decline to act.

(e) *Review Procedures.*

(1) *Determination by Officer.* Unless both parties (or party, in the case of a Cross Order) to the disputed transaction agree to withdraw the initial request for review, the transaction under dispute will be reviewed, and a determination will be rendered by the Officer. If the Officer determines that the transaction is not clearly erroneous, the Officer will decline to take any action in connection with the completed trade. In the event that the Officer determines that the transaction in dispute is clearly erroneous, the Officer will declare the transaction null and void. A determination will be made generally within 30 minutes of receipt of the complaint, but in no case later than the start of Core Trading on the following trading day. The parties will be promptly notified of the determination.

(2) *Appeals.* If an ETP Holder affected by a determination made under this Rule so requests within the time permitted below, the Clearly Erroneous Execution Panel ("CEE Panel") will review decisions made by the Officer under this Rule, including whether a clearly erroneous execution occurred and whether the correct determination was made; provided however that the CEE Panel will not review decisions made by an officer under subsection (f) of this Rule if such Officer also determines under subsection (f) of this Rule that the number of the affected transactions is such that immediate finality is necessary to maintain a fair and orderly market and to protect investors and the public interest, and further provided that with respect to rulings made in conjunction with one or more additional market centers, the number of the affected transactions is similarly such that immediate finality is necessary to maintain a fair and orderly market and to protect investors and the public interest and, hence, are also non-appealable.

(A) The CEE Panel will consist of the Exchange Chief Regulatory Officer ("CRO"), or a designee of the CRO, and representatives from two (2) ETP Holders.

(B) The Exchange will designate at least ten (10) ETP Holder representatives to be called upon to serve on the CEE Panel as needed. In no case will a CEE Panel include a person related to a party to the trade in question. To the extent reasonably possible, the Exchange will call upon the designated representatives to participate on a CEE Panel on an equally frequent basis.

(3) A request for review on appeal must be made via e-mail within thirty (30) minutes after the party making the appeal is given notification of the initial determination being appealed. The CEE Panel will review the facts and render a decision as soon as practicable, but generally on the same trading day as the execution(s) under review. On requests for appeal received between 3:00 p.m. Eastern Time and the close of trading in the Late Trading Session, a decision will be rendered as soon as practicable, but in no case later than the trading day following the date of the execution under review.

(4) The CEE Panel may overturn or modify an action taken by the Officer under this Rule. All determinations by the CEE Panel will constitute final action by the Corporation on the matter at issue.

(5) If the CEE Panel votes to uphold the decision made pursuant to Rule 7.10P(e)(1), the Exchange will assess a $500.00 fee against the ETP Holder(s) who initiated the request for appeal.

(6) Any determination by an Officer or by the CEE Panel will be rendered without prejudice as to the rights of the parties to the transaction to submit their dispute to arbitration.

(f) *System Disruption or Malfunctions.* In the event of any disruption or a malfunction in the operation of any electronic communications and trading facilities of the Corporation in which the nullification of transactions may be necessary for the maintenance of a fair and orderly market or the protection of investors and the public interest exist, the Officer, on his or her own motion, may review such transactions and declare such transactions arising out of the operation of such facilities during such period null and void. In such events, the Officer of the Corporation or such other senior level employee designee will rely on the provisions of Section (c)(1)-(3) of this Rule, but in extraordinary circumstances may also use a lower Numerical Guideline if necessary to maintain a fair and orderly market, protect investors and the public interest. Absent extraordinary circumstances, any such action of the Officer pursuant to this subsection (f) will be taken within thirty (30) minutes of detection of the erroneous transaction. When extraordinary circumstances exist, any such action of the Officer must be taken by no later than the start of Core Trading on the day following the date of execution(s) under review. Each ETP Holder involved in the transaction will be notified as soon as practicable, and the ETP Holder aggrieved by the action may appeal such action in accordance with the provisions of subsection (e)(2)-(4).

(g) *Officer Acting On Own Motion.* An Officer, acting on its own motion, may review potentially erroneous executions and declare trades null and void or will decline to take any action in connection with the completed trade(s). In such events, the Officer of the Corporation or such other senior level employee designee will rely on the provisions of Section (c)(1)-(3) of this Rule. Absent extraordinary circumstances, any such action of the Officer will be taken in a timely fashion, generally within thirty (30) minutes of the detection of the erroneous transaction. When extraordinary circumstances exist, any such action of the Officer must be taken by no later than the start of Core Trading on trading

day following the date of execution(s) under review. When such action is taken independently, each party involved in the transaction will be notified as soon as practicable by the Corporation, and the party aggrieved by the action may appeal such action in accordance with the provisions of subsection (e)(2)-(4) above.

(h) *Trade Nullification for UTP Securities that are Subject of Initial Public Offerings ("IPOs").* Pursuant to SEC Rule 12f-2, as amended, the Corporation may extend unlisted trading privileges to a security that is the subject of an initial public offering when at least one transaction in the subject security has been effected on the national securities exchange or association upon which the security is listed and the transaction has been reported pursuant to an effective transaction reporting plan. A clearly erroneous error may be deemed to have occurred in the opening transaction of the subject security if the execution price of the opening transaction on the Corporation is the lesser of $1.00 or 10% away from the opening price on the listing exchange or association. In such circumstances, the Officer will declare the opening transaction null and void or will decline to take action in connection with the completed trade(s). Clearly erroneous executions of subsequent transactions of the subject security will be reviewed in the same manner as the procedure set forth in (e)(1). Absent extraordinary circumstances, any such action of the Officer pursuant to this subsection (h) will be taken in a timely fashion, generally within thirty (30) minutes of the detection of the erroneous transaction. When extraordinary circumstances exist, any such action of the Officer must be taken by no later than the start of Core Trading on the day following the date of execution(s) under review. Each party involved in the transaction will be notified as soon as practicable by the Corporation, and the party aggrieved by the action may appeal such action in accordance with the provisions of subsection (e)(2)-(4) above.

(i) Securities Subject to Limit Up-Limit Down Plan. For purposes of this paragraph, the phrase "Limit Up-Limit Down Plan" or "Plan" means the Plan to Address Extraordinary Market Volatility Pursuant to Rule 608 of Regulation NMS under the Act. The provisions of paragraphs (a) through (h) above and (j) through (k) below will govern all Exchange transactions, including transactions in securities subject to the Plan, other than as set forth in this paragraph (i). If as a result of an Exchange technology or systems issue any transaction occurs outside of the applicable price bands disseminated pursuant to the Plan, an Officer of the Exchange or senior level employee designee, acting on his or her own motion or at the request of a third party, will review and declare any such trades null and void. Absent extraordinary circumstances, any such action of the Officer of the Exchange or other senior level employee designee will be taken in a timely fashion, generally within thirty (30) minutes of the detection of the erroneous transaction. When extraordinary circumstances exist, any such action of the Officer of the Exchange or other senior level employee designee must be taken by no later than the start of the Core Trading Hours on the trading day following the date on which the execution(s) under review occurred. Each ETP Holder involved in the transaction will be notified as soon as practicable by the Exchange, and the party aggrieved by the action may appeal such action in accordance with the provisions of paragraph (e)(2) above. In the event that a single plan processor experiences a technology or systems issue that prevents the

dissemination of price bands, the Exchange will make the determination of whether to nullify transactions based on paragraphs (a) through (h) above and (j) through (k) below.

(j) *Multi-Day Event.* A series of transactions in a particular security on one or more trading days may be viewed as one event if all such transactions were effected based on the same fundamentally incorrect or grossly misinterpreted issuance information resulting in a severe valuation error for all such transactions (the "Event"). An Officer, acting on his or her own motion, will take action to declare all transactions that occurred during the Event null and void not later than the start of trading on the day following the last transaction in the Event. If trading in the security is halted before the valuation error is corrected, an Officer will take action to declare all transactions that occurred during the Event null and void prior to the resumption of trading. Notwithstanding the foregoing, no action can be taken pursuant to this paragraph with respect to any transactions that have reached settlement date or that result from an initial public offering of a security. To the extent transactions related to an Event occur on one or more other market centers, the Exchange will promptly coordinate with such other market center(s) to ensure consistent treatment of the transactions related to the Event, if practicable. Any action taken in connection with this paragraph will be taken without regard to the Numerical Guidelines set forth in this Rule. Each ETP Holder involved in a transaction subject to this paragraph will be notified as soon as practicable by the Exchange, and the party aggrieved by the action may appeal such action in accordance with the provisions of paragraph (e)(2) above.

(k) *Trading Halts.* In the event of any disruption or malfunction in the operation of the electronic communications and trading facilities of the Exchange, another market center or responsible single plan processor in connection with the transmittal or receipt of a regulatory trading halt, suspension or pause, an Officer, acting on his or her own motion, will nullify any transaction in a security that occurs after the primary listing market for such security declares a regulatory trading halt, suspension or pause with respect to such security and before such regulatory trading halt, suspension or pause with respect to such security has officially ended according to the primary listing market. In addition, in the event a regulatory trading halt, suspension or pause is declared, then prematurely lifted in error and is then re-instituted, an Officer will nullify transactions that occur before the official, final end of the halt, suspension or pause according to the primary listing market. Any action taken in connection with this paragraph will be taken in a timely fashion, generally within thirty (30) minutes of the detection of the erroneous transaction and in no circumstances later than the start of Core Trading Hours on the trading day following the date of execution(s) under review. Any action taken in connection with this paragraph will be taken without regard to the Numerical Guidelines set forth in this Rule. Each ETP Holder involved in a transaction subject to this paragraph will be notified as soon as practicable by the Exchange, and the party aggrieved by the action may appeal such action in accordance with the provisions of paragraph (e)(2) above.

Rule 7.11. Limit Up—Limit Down Plan and Trading Pauses in Individual Securities Due to Extraordinary Market Volatility

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(6) During a trading pause issued by another primary listing market, the Corporation will take the following action with respect to new and existing orders:

(i) maintain all resting orders in the Book;

(ii) cancel any unexecuted portion of Market Orders and Pegged Orders;

(iii) accept and process all cancellations;

(iv) accept and route new Market Orders to the primary market;

(v) accept and route PO and PO+ Orders to the primary market; and

(vi) reject all other orders until the stock has reopened.

Rule 7.11P. Limit Up—Limit Down Plan and Trading Pauses in Individual Securities Due to Extraordinary Market Volatility

The provisions of this Rule will be in effect during a pilot to coincide with the pilot period for the Regulation NMS Plan to Address Extraordinary Market Volatility.

(a) **Limit Up-Limit Down Mechanism.**

(1) **Definitions**

(A) "Plan" means the Plan to Address Extraordinary Market Volatility Submitted to the Securities and Exchange Commission Pursuant to Rule 608 of Regulation NMS under the Securities Exchange Act of 1934, Exhibit A to Securities Exchange Act Release No. 67091 (May 31, 2012), 77 FR 33498 (June 6, 2012), as it may be amended from time to time.

(B) All capitalized terms not otherwise defined in this Rule will have the meanings set forth in the Plan or Exchange rules, as applicable.

(2) **Exchange Participation in the Plan.** The Exchange is a Participant in, and subject to the applicable requirements of, the Plan, which establishes procedures to address extraordinary volatility in NMS Stocks.

(3) **ETP Holder Compliance**. ETP Holders will comply with the applicable provisions of the Plan.

(4) **Exchange Compliance with the Plan**. Exchange systems will not display or trade buy (sell) interest above (below) the Upper (Lower) Price Bands, unless such interest is specifically exempted under the Plan.

(5) **Cancellation of Orders**. Exchange systems will cancel buy (sell) interest that is priced or could be traded above (below) the Upper (Lower) Price Band, except as specified in (a)(6) below.

  (A) Incoming marketable interest, including Market Orders, Limit Orders, and Limit Orders designated IOC will be traded, or if applicable, routed to an Away market, to the fullest extent possible, subject to Rules 7.31P(a)(1)(B) (Trading Collars for Market Orders) and 7.31P(a)(2)(B) (price check for Limit Orders), at prices at or within the Price Bands. Any untraded quantity of such incoming marketable interest that cannot be traded at prices at or within the Price Bands will be cancelled and the ETP Holder will be notified of the reason for the cancellation.

  (B) Cross Orders with a cross price above the Upper Price Band or below the Lower Price Band will be rejected.

(6) **Discretionary Instruction to Reprice Eligible Limit Orders.** ETP Holders may enter an instruction for the working price of a Limit Order to buy (sell) with a limit price above (below) the Upper (Lower) Price Band to be adjusted a price that is equal to the Upper (Lower) Price Band rather than cancel the order.

  (A) Repricing instructions are not available for Market Orders, Auction-Only Orders, Primary Only Orders, Day ISO, or any Limit Order that includes an IOC modifier, including Cross Orders. Instructions to reprice included with a Primary Until 9:45 Order or Primary After 3:55 Order will only be enforced when such orders are entered on or resting on the NYSE Arca Book.

  (B) Instructions to reprice eligible Limit Orders will be applicable to both incoming and resting orders. If the Price Bands move and the original limit price of a repriced order is at or within the Price Bands, such Limit Order would be adjusted to its original limit price.

  (C) An MPL Order that has an instruction to reprice will not cancel, but will not be repriced or be eligible to trade if the midpoint of the PBBO is below the Lower Price Band or above the Upper Price Band.

  (D) **Sell Short Orders**. If an eligible order includes a repricing instruction and is also a sell short order, during a Short Sale Price Test, as set forth in Rule 7.16P(f), a short sale order priced below the Lower Price Band will be repriced to the higher of the Lower Price Band or the Permitted Price, as defined in Rule 7.16P(f)(5)(A). Sell short orders that are not eligible for repricing instructions will be treated as any other order pursuant to (a)(5) above.

(7) **Routing to Away Markets**. Exchange systems will not route buy (sell) orders to an Away Market displaying a sell (buy) quote that is above (below) the Upper (Lower) Price Band, provided that the Exchange will route Primary Only Orders, Primary Until 9:45, and Primary After 3:55 Orders to the primary listing market regardless of price.

(8) **Trading Pause during a Straddle State**. The Exchange may declare a Trading Pause for a NMS Stock listed on the Exchange when (i) the National Best Bid (Offer) is below (above) the Lower (Upper) Price Band and the NMS Stock is not in a Limit State; and (ii) trading in that NMS Stock deviates from normal trading characteristics.

(b) **Re-opening of Trading following a Trading Pause**. During Phase 1 of the Plan, a Trading Pause in Tier 1 NMS Stocks subject to the requirements of the Plan, will be subject to Plan requirements and paragraph (b)(2) of this Rule; a Trading Pause in Tier 1 NMS Stocks not yet subject to the requirements of the Plan will be subject to the requirements in paragraphs (b)(1) - (6) of this Rule; and a Trading Pause in Tier 2 NMS Stocks will be subject to the requirements set forth in paragraphs (b)(1)(B) - (6) of this Rule. Once the Plan has been fully implemented and all NMS Stocks are subject to the Plan, a Trading Pause under the Plan will be subject to only paragraphs (b)(2) and (6) of this Rule.

(1) Between 9:45 a.m. and 3:35 p.m. Eastern Time, or in the case of an early scheduled close, 25 minutes before the close of trading, if the price of a security listed on the Corporation, other than rights and warrants, moves by a percentage specified below within a five-minute period ("Threshold Move"), as calculated pursuant to paragraph (c) below, trading in that security will immediately pause on the Corporation for a period of five minutes (a "Trading Pause").

(A) The Threshold Move will be 10% or more with respect to securities included in the S&P 500® Index, Russell 1000® Index, and a pilot list of Exchange Traded Products;

(B) The Threshold Move will be 30% or more with respect to all Tier 2 NMS Stocks with a price equal to or greater than $1; and

(C) The Threshold Move will be 50% or more with respect to all Tier 2 NMS Stocks with a price less than $1.

The determination that the price of a stock is equal to or greater than $1 under paragraph (b)(i)(B) above or less than $1 under paragraph (b)(i)(C) above will be based on the closing price on the previous trading day, or, if no closing price exists, the last sale reported to the Consolidated Tape on the previous trading day.

(2) Re-opening of Trading following a Trading Pause. At the end of the Trading Pause, the Corporation will re-open the security in accordance with the procedures set forth in Rule 7.35P for a Trading Halt Auction. In the event of a significant imbalance at the end of a Trading Pause, the Corporation may delay the re-opening of a security. The Exchange will issue a notification if it cannot resume trading for a reason other than a significant imbalance. Any interest repriced pursuant to paragraph (a)(6) of this Rule will return to its original order instructions for purposes of the re-opening transaction following a Trading Pause.

(3) Calculation of Threshold Move. Every second the Corporation will calculate the Threshold Move by comparing each last consolidated sale price of a security ("Trigger Trade") during the preceding second to a reference price (the "Calculation Time"). The reference price will be any transaction in that security printed to the Consolidated Tape during the five-minute period before the Calculation Time, except for Trigger Trades in the first five minutes following 6:45 a.m., for which reference prices will begin at 6:45 a.m. Only regular way, in-sequence transactions qualify as either a Trigger Trade or a reference price. The Corporation can exclude a transaction price from use as a reference price or Trigger Trade if it concludes that the transaction price resulted from an erroneous execution.

(4) Notification of Trading Pauses. If a Trading Pause is triggered under this Rule, the Corporation will immediately notify the single plan processor responsible for consolidation of information for the security pursuant to Rule 603 of Regulation NMS under the Securities Exchange Act of 1934.

(5) If a primary listing market issues an individual stock trading pause, the Corporation will pause trading in that security until trading has resumed on the primary listing market or notice has been received from the primary listing market that trading may resume. If the primary listing market does not reopen the security within 10 minutes of notification of a Trading Pause, the Corporation may resume trading the security.

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Rule 7.16. Short Sales

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(viii) **Order Priority**. During the Short Sale Period, re-priced PNP Blind, PL, MPL Discretion orders will be ranked in the NYSE Arca Book in time order. Market orders will have priority over all other order types. At any time, sell orders may be cancelled and replaced as follows: (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. Orders modified will retain their priority in the NYSE Arca Book provided they are not increasing in volume or changing price.

Rule 7.16P. Short Sales

(a) The terms "long", "short", and "short exempt" will have the meaning given to each by Regulation SHO, 17 CFR 240.200 et seq.

(b) Order Identification. No ETP Holder of the Corporation may, by the use of any facility of the Corporation, execute any sell order unless such order is indicated as either "long", "short", or "short exempt".

(c) Marking Orders. An ETP Holder must mark all sell orders as "long", "short", or "short exempt". Sales should be marked "short", "short exempt", and "long" in accordance with SEC Rule 200(g).

(d) Covering Short Sales. No ETP Holder of the Corporation will lend, or arrange for the loan of any security for delivery to the broker for the purchaser after sale, or will fail to deliver a security on the date delivery is due, if such ETP Holder knows or has reasonable grounds to believe that the sale was effected, or will be effected, pursuant to an order marked "long" unless such ETP Holder knows, or has been informed by the seller (i) that the security sold has been forwarded to the account for which the sale was effected, or (ii) that the seller owns the security sold, that it is then impracticable to deliver such security to such account and that delivery will be made as soon as is possible without undue inconvenience or expense. The provisions of this subsection (d) will not apply to:

  (1) The lending of a security by an ETP Holder through the medium of a loan to another ETP Holder; or

  (2) Any loan, or arrangement for the loan, of any security, or any failure to deliver any security if, prior to such loan, arrangement, or failure to deliver, the Corporation finds (A) that such sale resulted from a mistake made in good faith; (B) either that the condition of the market at the time the mistake was discovered was such that undue hardship would result from covering the transaction by a "purchase for cash" or that the mistake was made by the seller's broker; and (C) that due diligence was used to ascertain that either (i) the security to be delivered after sale is carried in the account for which the sale was effected, or (ii) such ETP Holder had been informed that the seller owns the security being sold, and as soon as possible without undue inconvenience or expense, will deliver the security owned to the account for which the sale was effected.

(e) **General**. Short sale executions, order marking and securities lending in connection with short sales by ETP Holders will be subject to, and comply with, the provisions of Regulation SHO under the Securities Exchange Act of 1934.

(f) **Short Sale Price Test Pursuant to Rule 201 of Regulation SHO**. The following provisions will apply to short sales subject to the provisions of Rule 201 of Regulation SHO:

(1) **Definitions**. For purposes of this Rule, the terms "covered security," "listing market," and "national best bid" ("NBB") will have the same meaning as such terms have in Rule 201 of Regulation SHO.

(2) **Short Sale Price Test**. Except as provided in subparagraphs (f)(6) and (f)(7) below, Corporation systems will not execute or display a short sale order with respect to a covered security at a price that is less than or equal to the current NBB if the price of that security decreases by 10% or more, as determined by the listing market for the security, from the Official Closing Price on the Corporation as of the end of regular trading hours on the prior day ("Trigger Price").

(3) **Determination of Trigger Price**. For covered securities for which NYSE Arca is the listing market, Corporation systems will determine whether the short sale price test restrictions of Rule 201 of Regulation SHO have been triggered (i.e., whether a transaction in a covered security has occurred at a Trigger Price) and will immediately notify the single plan processor responsible for consolidation of information for the covered security pursuant to Rule 603(b) of Regulation NMS.

   (A) The Corporation will not calculate the Trigger Price of a covered security until after the Core Open Auction for that security.

(4) **Duration of Short Sale Price Test**. If the Short Sale Price Test is triggered by the listing market with respect to a covered security, the Short Sale Price Test will remain in effect until the close of trading on the next trading day, as provided for in Regulation SHO Rule 201(b)(1)(ii) (the "Short Sale Period").

   (A) If the Corporation determines pursuant to Rule 7.10 that the Short Sale Price Test for a covered security was triggered because of a clearly erroneous execution, the Corporation may lift the Short Sale Price Test before the Short Sale Period ends for securities for which the Corporation is the listing market or, for securities listed on another market, notify the other market of the Corporation's determination that the triggering transaction was a clearly erroneous execution. The Corporation may also lift the Short Sale Price Test before the Short Sale Period ends, for a covered security for which the Corporation is the listing market, if the Corporation has been informed by another exchange or a self-regulatory organization ("SRO") that a transaction in the covered security that occurred at the Trigger Price was a clearly erroneous execution, as determined by the rules of that exchange or SRO.

   (B) If the Corporation determines that the prior day's closing price for a listed security is incorrect in Corporation systems and resulted in an incorrect determination of the Trigger Price, the Corporation may correct the prior day's closing price and lift the Short Sale Price Test before the Short Sale Period ends for securities for which the Corporation is the listing market.

(5) **Re-pricing of Orders during Short Sale Period**. During the Short Sale Period, short sale orders will be handled by Corporation systems as follows:

(A) *Re-pricing of Orders* — Except as provided for in paragraphs (f)(5)(B) – (J) of this Rule, short sale orders with a working price and/or display price equal to the NBB will have the working price and/or display price adjusted one minimum price increment above the current NBB ("Permitted Price"). The Permitted Price for securities for which the NBB is $1 or more is $.01 above the NBB; the Permitted Price for securities for which the NBB is below $1 is $.0001 above the NBB. To reflect declines in the NBB, the Corporation will continue to adjust the working price of a short sale order at the lowest Permitted Price down to the order's original limit price, or if a Market Order, until the order is filled.

(B) *Reject Option* —ETP Holders may mark individual short sale orders to be rejected on arrival, or cancelled if resting, if required to be adjusted to a Permitted Price while a symbol is subject to the Short Sale Price Test.

(C) *Priority 1, Priority 2 Odd Lot Orders, and Priority 3 Orders* —Market Orders, orders and reserve interest ranked Priority 3- Non-Display Orders, and odd lot orders ranked Priority 2 – Display Orders will have a working price adjusted to a Permitted Price and will continuously adjust to a Permitted Price as the NBB moves both up and down. Reserve interest that replenishes the displayed quantity of a Reserve Order will be replenished at a Permitted Price.

(D) *Pegged Orders and MPL Orders* – Pegged Orders and MPL Orders will use the NBBO instead of the PBBO as the reference price. The working price of MPL Orders will be the mid-point of the NBBO, including situations where the mid-point is less than one minimum price increment above the NBB.

(E) *Tracking Orders* – The working price of Tracking Orders will not be adjusted. Tracking Orders will not be eligible to trade at or below the NBB.

(F) *IOC Orders* —Limit Orders designated IOC requiring that all or part of the order be traded immediately will be traded to the extent possible at a Permitted Price and higher and then cancelled, and the working price will not be adjusted.

(G) *Day ISO Orders* —Day ISOs will be rejected if the limit price is at or below the NBB.

(H) *Cross Orders* – Cross Orders with a cross price at or below the NBB will be rejected.

(I) *Returned Orders* – If a Short Sale Price Test is triggered after an order has routed, any returned quantity of the order and the order it joins on the NYSE Arca Book will be adjusted to a Permitted Price. If the order that was routed was a Reserve Order, the returned quantity of the order will first join the reserve interest

at a Permitted Price before being evaluated for replenishing the display quantity of the Reserve Order.

(J) *Proactive if Locked/Crossed Modifier*— Proactive if Locked/Crossed Modifiers will be ignored.

(6) **Execution of Permissible Orders during the Short Sale Period**. During the Short Sale Period, a short sale order will be executed and displayed without regard to price if, at the time of initial display of the short sale order, the order was at a price above the then current NBB. Except as specifically noted in subparagraph (f)(5), short sale orders that are entered into the Corporation prior to the Short Sale Period but are not displayed, including the reserve interest of a Reserve Order, will be adjusted to a Permitted Price.

(7) **Short Exempt Orders**. During the Short Sale Period, Corporation systems will execute and display orders marked "short exempt" without regard to whether the order is at a Permitted Price. Corporation systems will accept orders marked "short exempt" at any time when such systems are open for order entry, regardless of whether the Short Sale Price Test has been triggered.

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Rule 7.18. UTP Regulatory Halts

UTP Regulatory Halts

Whenever, in the exercise of its regulatory function, the UTP Listing Market determines that an UTP Regulatory Halt is appropriate, the Corporation shall halt or suspend trading in that security until the notification by the UTP Listing Market that the halt or suspension is no longer in effect. The Corporation will assume that adequate publication or dissemination has occurred upon the expiration of one hour after initial publication in a national news dissemination service of the information that gave rise to an UTP Regulatory Halt and may, at its discretion, reopen trading at that time, notwithstanding notification from the UTP Listing Market that the halt or suspension is no longer in effect.

Rule 7.18P. Halts

(a) *UTP Regulatory Halts*. If the UTP Listing Market declares a UTP Regulatory Halt, the Corporation will halt trading in that security until it receives notification from the UTP Listing Market that the halt or suspension is no longer in effect or as provided for in Rules 7.11P and 7.12, provided that, during Core Trading Hours, the Exchange will halt trading until it receives the first Price Band in that security. If a UTP Regulatory Halt was issued for the purpose of dissemination of material news, the Corporation will assume that adequate publication or dissemination has occurred upon the expiration of one hour after initial publication in a national news dissemination service of the

information that gave rise to an UTP Regulatory Halt and may, at its discretion, reopen trading at that time, notwithstanding notification from the UTP Listing Market that the halt or suspension is no longer in effect.

(b) The NYSE Arca Marketplace will not conduct a Trading Halt Auction in a UTP Security and will process new and existing orders in a UTP Security during a UTP Regulatory Halt as follows:

    (1) cancel any unexecuted portion of Market Orders;

    (2) maintain all other resting orders in the NYSE Arca Book;

    (3) accept and process all cancellations;

    (4) process a request to cancel and replace as a cancellation without replacing the order;

    (5) accept and route new Market Orders, Auction-Only Orders, Primary Only MOO/LOO Orders, Primary Only Day Orders, and Primary Only MOC/LOC Orders to the primary listing market; and

    (6) reject all other incoming orders until the security begins trading on the NYSE Arca Marketplace pursuant to paragraph (a) of this Rule.

(c) The NYSE Arca Markeplace will process new and existing orders in securities listed on the Exchange during a halt, suspension or pause as follows:

    (1) cancel any unexecuted portion of Market Orders;

    (2) maintain all other resting orders in the NYSE Arca Book and assign Limit Orders a working price and display price that is equal to the limit price of such orders;

    (3) accept and process all cancellations;

    (4) reject incoming Limit Orders designated IOC, Cross Orders, Tracking Orders, Market Pegged Orders, and Retail Orders and process a request to cancel and replace a Tracking Order, Market Pegged Order, or Retail Order as a cancellation without replacing the order; and

    (5) accept all other incoming orders until the security has reopened.

(d) Halts in Derivative Securities Products.

    (1) Trading Halts for UTP Derivative Securities Products.

(A) Early Trading Session. If a UTP Derivative Security Product begins trading on the NYSE Arca Marketplace in the Early Trading Session and subsequently a temporary interruption occurs in the calculation or wide dissemination of the Intraday Indicative Value ("IIV") or the value of the underlying index, as applicable, to such UTP Derivative Securities Product, by a major market data vendor, NYSE Arca may continue to trade the UTP Derivative Securities Product for the remainder of the Early Trading Session.

(B) Core Trading Session. During the Core Trading Session, if a temporary interruption occurs in the calculation or wide dissemination of the applicable IIV or value of the underlying index by a major market data vendor and the listing market halts trading in the UTP Derivative Securities Product, NYSE Arca, upon notification by the primary listing market of such halt due to such temporary interruption, also shall immediately halt trading in the UTP Derivative Securities Product on the NYSE Arca Marketplace.

(C) Late Trading Session and Next Business Day's Early Session.

(1) If the IIV or the value of the underlying index continues not to be calculated or widely available after the close of the Core Trading Session, NYSE Arca may trade the UTP Derivative Securities Product in the Late Trading Session only if the listing market traded such securities until the close of its regular trading session without a halt.

(2) If the IIV or the value of the underlying index continues not to be calculated or widely available as of the commencement of the Early Trading Session on the next business day, NYSE Arca shall not commence trading of the UTP Derivative Securities Product in the Early Trading Session that day. If an interruption in the calculation or wide dissemination of the IIV or the value of the underlying index continues, NYSE Arca may resume trading in the UTP Derivative Securities Product only if calculation and wide dissemination of the IIV or the value of the underlying index resumes or trading in the UTP Derivative Securities Product resumes in the primary listing market.

(2) Trading Halts of Derivative Securities Products Listed on the NYSE Arca Marketplace. With respect to Derivative Securities Products listed on the NYSE Arca Marketplace for which a Net Asset Value ("NAV") (and in the case of Managed Fund Shares under NYSE Arca Equities Rule 8.600 and Managed Trust Securities under NYSE Arca Equities Rule 8.700, a Disclosed Portfolio) is disseminated, if the Exchange becomes aware that the NAV (or in the case of Managed Fund Shares, the Disclosed Portfolio) is not being disseminated to all market participants at the same time, it will halt trading in the affected Derivative Securities Product on the NYSE Arca Marketplace until such time as the NAV (or in the case of Managed Fund Shares, the Disclosed Portfolio, as applicable) is available to all market participants.

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Section 3. NYSE Arca Marketplace

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Rule 7.38. Odd and Mixed Lots

(a) *Order Types.*

  (1) *Odd Lots.* All odd lot orders submitted by Users to the NYSE Arca Marketplace must be Market Orders or Limit Orders. The following orders may not be entered in odd lots: Reserve Orders, MPL-IOC Orders, Tracking Orders, or Q Orders.

  (2) *Mixed Lots.* Mixed lot orders submitted by Users to the NYSE Arca Marketplace may be any order type supported by the NYSE Arca Marketplace, unless inconsistent with the order type descriptions found in Rule 7.31.

(b) *Ranking and Execution.* Round lot, mixed lot and odd lot orders are treated in the same manner in the NYSE Arca Marketplace.

Rule 7.38P. Odd and Mixed Lots

(a) *Order Types.* Rules 7.31P and 7.44P specify whether an order may not be entered as an odd lot or mixed lot.

(b) *Ranking and Execution.* Round lot, mixed lot and odd lot orders are treated in the same manner in the NYSE Arca Marketplace, provided that:

  (1) The working price of an odd lot order will be adjusted both on arrival and when resting on the NYSE Arca Book based on the limit price of the order. If the limit price of an odd lot order to buy (sell) is at or below (above) the PBO (PBB), it will have a working price equal to the limit price. If the limit price of an odd lot order to buy (sell) is above (below) the PBO (PBB), it will have a working price equal to the PBO (PBB).

  (2) For an order that is partially routed to an Away Market on arrival, if any returned quantity of the order joins resting odd-lot quantity of the original order and the returned and resting quantity, either alone or together with other odd-lot orders, would be displayed as a new BBO, both the returned and resting quantity will be assigned a new working time.

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