

#### IV. Solicitation of Comments

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

##### *Electronic Comments*

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-BX-2015-042 on the subject line.

##### *Paper Comments*

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

All submissions should refer to File Number SR-BX-2015-042. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site viewing and printing in the Commission's Public Reference Room, 100 F Street NE., Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal offices of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-BX-2015-042, and should be submitted on or before August 24, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>22</sup>

**Robert W. Errett,**

*Deputy Secretary.*

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#### SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-75535; File No. SR-NYSEMKT-2015-54]

#### Self-Regulatory Organizations; NYSE MKT LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending NYSE MKT Rule 500—Equities To Extend the Operation of the Pilot Program that Allows “UTP Securities” To Be Traded on the Exchange Pursuant to a Grant of Unlisted Trading Privileges Until October 31, 2015

July 28, 2015.

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (the “Act”)<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that on July 17, 2015, NYSE MKT LLC (the “Exchange” or “NYSE MKT”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend NYSE MKT Rule 500—Equities to extend the operation of the pilot program that allows “UTP Securities” to be traded on the Exchange pursuant to a grant of unlisted trading privileges. The pilot program is currently scheduled to expire on July 31, 2015; the Exchange proposes to extend it until the earlier of Securities and Exchange Commission (“Commission”) approval to make such pilot permanent or October 31, 2015. The text of the proposed rule change is available on the Exchange's Web site at [www.nyse.com](http://www.nyse.com), at the principal office of the Exchange, and at the Commission's Public Reference Room.

<sup>22</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b 4.

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

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

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

###### 1. Purpose

The Exchange proposes to amend NYSE MKT Rule 500—Equities to extend the operation of the pilot program that allows “UTP Securities” to be traded on the Exchange pursuant to a grant of unlisted trading privileges.<sup>4</sup> The pilot program is currently scheduled to expire on July 31, 2015; the Exchange proposes to extend it until the earlier of Commission approval to make such pilot permanent or October 31, 2015.

NYSE MKT Rules 500-525—Equities, as a pilot program, govern the trading of any “UTP Securities” on the Exchange pursuant to unlisted trading privileges (“UTP Pilot Program”).<sup>5</sup> The Exchange

<sup>4</sup> “UTP Securities” is included within the definition of “security” as that term is used in the NYSE MKT Equities Rules. See NYSE MKT Rule 3—Equities. In accordance with this definition, UTP Securities are admitted to dealings on the Exchange on an “issued,” “when issued,” or “when distributed” basis. See NYSE MKT Rule 501—Equities.

<sup>5</sup> See Securities Exchange Act Release No. 62479 (July 9, 2010), 75 FR 41264 (July 15, 2010) (SR-NYSEAmex-2010-31). See also Securities Exchange Act Release Nos. 62857 (September 7, 2010), 75 FR 55837 (September 14, 2010) (SR-NYSEAmex-2010-89); 63601 (December 22, 2010), 75 FR 82117 (December 29, 2010) (SR-NYSEAmex-2010-124); 64746 (June 24, 2011), 76 FR 38446 (June 30, 2011) (SR-NYSEAmex-2011-45); 66040 (December 23, 2011), 76 FR 82324 (December 30, 2011) (SR-NYSEAmex-2011-104); 67497 (July 25, 2012), 77 FR 45404 (July 31, 2012) (SR-NYSEMKT-2012-25); 68561 (January 2, 2013), 78 FR 1290 (January 8, 2013) (SR-NYSEMKT-2012-86); 69814 (June 20, 2013), 78 FR 38762 (June 27, 2013) (SR-NYSEMKT-2013-53); 71363 (January 21, 2014), 79 FR 4373 (January 27, 2014) (SR-NYSEMKT-2014-01); 72624 (July 16, 2014), 79 FR 42595 (July 22, 2014) (SR-NYSEMKT-2014-59); and 73969 (December 31, 2014), 80 FR 914 (January 7, 2015) (SR-NYSEMKT-2014-112). The UTP Pilot Program was originally limited to securities listed on the Nasdaq Stock Market LLC (“Nasdaq Securities”), but the Exchange recently expanded the UTP Pilot Program beyond Nasdaq Securities. See Securities Exchange Act Release No. 71952 (April 16, 2014),

hereby seeks to extend the operation of the UTP Pilot Program, currently scheduled to expire on July 31, 2015, until the earlier of Commission approval to make such pilot permanent or October 31, 2015.

The UTP Pilot Program includes any security, other than a security that is listed on the Exchange, that (i) is designated as an “eligible security” pursuant to the “UTP Plan,”<sup>6</sup> (ii) has been admitted to dealings on the Exchange pursuant to a grant of unlisted trading privileges in accordance with Section 12(f) of the Act,<sup>7</sup> and (iii) if it is an “Exchange Traded Product” (“ETP”) that does not have any component security that is listed or traded on the Exchange or the New York Stock Exchange LLC (“NYSE”); provided, however, that the Invesco PowerShares QQQ™ (the “QQQ”™) may be admitted to dealings on the Exchange pursuant to a grant of unlisted trading privileges although one or more component securities of the QQQ may be listed or traded on the Exchange or the NYSE, subject to the conditions of Rule 504(b)(5)—Equities.

The Exchange notes that its New Market Model Pilot (“NMM Pilot”), which, among other things, eliminated the function of specialists on the Exchange and created a new category of market participant, the Designated Market Maker (“DMM”),<sup>8</sup> is also

scheduled to end on July 31, 2015.<sup>9</sup> The timing of the operation of the UTP Pilot Program was designed to correspond to that of the NMM Pilot. In approving the UTP Pilot Program, the Commission acknowledged that the rules relating to DMM benefits and duties in trading Nasdaq Securities on the Exchange pursuant to the UTP Pilot Program are consistent with the Act<sup>10</sup> and noted the similarity to the NMM Pilot, particularly with respect to DMM obligations and benefits<sup>11</sup>—the Exchange considers the same to be true with respect to all UTP Securities, including for ETPs that are included in the UTP Pilot Program. Furthermore, the UTP Pilot Program rules pertaining to the assignment of securities to DMMs are substantially similar to the rules implemented through the NMM Pilot.<sup>12</sup> The Exchange has similarly filed to extend the operation of the NMM Pilot until the earlier of Commission approval to make the NMM Pilot permanent or October 31, 2015.<sup>13</sup>

Extension of the UTP Pilot Program in tandem with the NMM Pilot, both from July 31, 2015 until the earlier of Commission approval to make such pilots permanent or October 31, 2015, will provide for the uninterrupted trading of UTP Securities on the Exchange on an unlisted trading privileges basis and thus continue to encourage the additional utilization of, and interaction with, the Exchange, and provide market participants with improved price discovery, increased

liquidity, more competitive quotes and greater price improvement for UTP Securities.

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

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange. In particular, the Exchange believes that its proposal to extend the UTP Pilot Program is consistent with (i) Section 6(b) of the Act,<sup>14</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>15</sup> in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest; (ii) Section 11A(a)(1) of the Act,<sup>16</sup> in that it seeks to ensure the economically efficient execution of securities transactions and fair competition among brokers and dealers and among exchange markets; and (iii) Section 12(f) of the Act,<sup>17</sup> which governs the trading of securities pursuant to unlisted trading privileges consistent with the maintenance of fair and orderly markets, the protection of investors and the public interest, and the impact of extending the existing markets for such securities.

Specifically, the Exchange believes that extending the UTP Pilot Program would provide for the uninterrupted trading of UTP Securities on the Exchange on an unlisted trading privileges basis and thus continue to encourage the additional utilization of, and interaction with, the Exchange, thereby providing market participants with additional price discovery, increased liquidity, more competitive quotes and potentially greater price improvement for UTP Securities. Additionally, under the UTP Pilot Program, UTP Securities trade on the Exchange pursuant to rules governing the trading of Exchange-Listed securities that previously have been approved by the Commission. Accordingly, this proposed rule change would permit the

<sup>7</sup> 79 FR 22558 (April 22, 2014) (SR-NYSEMKT-2014-32).

<sup>6</sup> With respect to Nasdaq Securities, the term “UTP Plan” means the Joint Self-Regulatory Organization Plan Governing the Collection, Consolidation and Dissemination of Quotation and Transaction Information for Nasdaq-listed Securities Traded on Exchanges on an Unlisted Trading Privilege Basis, as amended from time to time, filed with and approved by the Commission. See Securities Exchange Act Release No. 70953 (November 27, 2013), 78 FR 72932 (December 4, 2013) (File No. S7-24-89). The Exchange’s predecessor, the American Stock Exchange LLC, joined the UTP Plan in 2001. See Securities Exchange Act Release No. 55647 (April 19, 2007), 72 FR 20891 (April 26, 2007) (File No. S7-24-89). In March 2009, the Exchange changed its name to NYSE Amex LLC, and, in May 2012, the Exchange subsequently changed its name to NYSE MKT LLC. See Securities Exchange Act Release Nos. 59575 (March 13, 2009), 74 FR 11803 (March 19, 2009) (SR-NYSEALTR-2009-24) and 67037 (May 21, 2012), 77 FR 31415 (May 25, 2012) (SR-NYSEAmex-2012-32). With respect to all other UTP Securities, the term “UTP Plan” means the Consolidated Tape Association Plan for the Dissemination of Last Sale Prices of Transactions in Eligible Securities, as amended from time to time, filed with and approved by the Commission. See Securities Exchange Act Release No. 10787 (May 10, 1974), 39 FR 17799 (May 20, 1974) (declaring the CTA Plan effective). See also Securities Exchange Release No. 70794 (October 31, 2013), 78 FR 66789 (November 6, 2013) (SR-CTA-2013-05).

<sup>7</sup> 15 U.S.C. 78l.

<sup>8</sup> See NYSE MKT Rule 103—Equities.

<sup>9</sup> See Securities Exchange Act Release No. 60758 (October 1, 2009), 74 FR 51639 (October 7, 2009) (SR-NYSEAmex-2009-65). See also Securities Exchange Act Release Nos. 61030 (November 19, 2009), 74 FR 62365 (November 27, 2009) (SR-NYSEAmex-2009-83); 61725 (March 17, 2010), 75 FR 14223 (March 24, 2010) (SR-NYSEAmex-2010-28); 62820 (September 1, 2010), 75 FR 54935 (September 9, 2010) (SR-NYSEAmex-2010-86); 63615 (December 29, 2010), 76 FR 611 (January 5, 2011) (SR-NYSEAmex-2010-123); 64773 (June 29, 2011), 76 FR 39453 (July 6, 2011) (SR-NYSEAmex-2011-43); 66042 (December 23, 2011), 76 FR 82326 (December 30, 2011) (SR-NYSEAmex-2011-102); 67495 (July 25, 2012), 77 FR 45406 (July 31, 2012) (SR-NYSEMKT-2012-21); 68559 (January 2, 2013), 78 FR 1286 (January 8, 2013) (SR-NYSEMKT-2012-84); 69812 (June 20, 2013), 78 FR 38766 (June 27, 2013) (SR-NYSEMKT-2013-51); 71342 (January 17, 2014), 79 FR 4197 (January 24, 2014) (SR-NYSEMKT-2014-02); 72622 (July 16, 2014), 79 FR 42600 (July 22, 2014) (SR-NYSEMKT-2014-57); and 73946 (December 24, 2014), 80 FR 60 (January 2, 2015) (SR-NYSEMKT-2014-109) (extending Pilot to July 31, 2015).

<sup>10</sup> 15 U.S.C. 78.

<sup>11</sup> See SR-NYSEAmex-2010-31, *supra* note 5, at 41271.

<sup>12</sup> *Id.*

<sup>13</sup> See SR-NYSEMKT-2015-52. The New York Stock Exchange LLC (“NYSE”) has submitted a proposed rule change to make the NYSE NMM Pilot permanent. See Securities Exchange Act Release No. 75153 (June 11, 2015), 80 FR 34717 (June 17, 2015) (SR-NYSE-2015-26).

<sup>14</sup> 15 U.S.C. 78f(b).

<sup>15</sup> 15 U.S.C. 78f(b)(5).

<sup>16</sup> 15 U.S.C. 78k-1(a)(1).

<sup>17</sup> 15 U.S.C. 78l(f).

Exchange to extend the effectiveness of the UTP Pilot Program in tandem with the NMM Pilot, which the Exchange has similarly proposed to extend until the earlier of Commission approval to make such pilot permanent or October 31, 2015.<sup>18</sup>

Finally, the Exchange believes that it is subject to significant competitive forces, as described below in the Exchange's statement regarding the burden on competition. For these reasons, the Exchange believes that the proposal is consistent with the Act.

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

In accordance with Section 6(b)(8) of the Act,<sup>19</sup> the Exchange believes that the proposed rule change would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes that extending the UTP Pilot Program will promote competition in the trading of UTP Securities and thereby provide market participants with opportunities for improved price discovery, increased liquidity, more competitive quotes, and greater price improvement.

Finally, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues. In such an environment, the Exchange must continually review, and consider adjusting the services it offers and the requirements it imposes to remain competitive with other U.S. equity exchanges. For the reasons described above, the Exchange believes that the proposed rule change reflects this competitive environment.

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

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

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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>20</sup> and Rule 19b-4(f)(6) thereunder.<sup>21</sup> Because the proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on

competition; and (iii) become operative prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6)(iii) thereunder.

A proposed rule change filed under Rule 19b-4(f)(6)<sup>22</sup> normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),<sup>23</sup> the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Exchange notes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest. The Exchange believes that waiver will ensure that member organizations and the public can continue to benefit from the pilot program without interruption after July 31, 2015. The Commission hereby waives the 30-day operative delay and designates the proposal operative upon filing.<sup>24</sup>

At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B)<sup>25</sup> of the Act to determine whether the proposed rule change should be approved or disapproved.

### **IV. Solicitation of Comments**

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

#### *Electronic Comments*

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or

<sup>22</sup> 17 CFR 240.19b-4(f)(6).

<sup>23</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>24</sup> For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>25</sup> 15 U.S.C. 78s(b)(2)(B).

- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NYSEMKT-2015-54 on the subject line.

#### *Paper Comments*

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

All submissions should refer to File Number SR-NYSEMKT-2015-54. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site viewing and printing in the Commission's Public Reference Room, 100 F Street NE., Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NYSEMKT-2015-54, and should be submitted on or before August 24, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>26</sup>

**Robert W. Errett,**  
*Deputy Secretary.*

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## **SECURITIES AND EXCHANGE COMMISSION**

### **Sunshine Act Meeting**

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Public Law 94-409, that the Securities and Exchange Commission will hold an Open Meeting

<sup>26</sup> 17 CFR 200.30-3(a)(12).

<sup>18</sup> See *supra* note 13.

<sup>19</sup> 15 U.S.C. 78f(b)(8).

<sup>20</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>21</sup> 17 CFR 240.19b-4(f)(6).