

The Commission invites comments on whether the Postal Service's filings in the captioned dockets are consistent with the policies of 39 U.S.C. 3632, 3633, or 3642, 39 CFR part 3015, and 39 CFR part 3020, subpart B. Comments are due no later than July 15, 2014. The public portions of these filings can be accessed via the Commission's Web site (<http://www.prc.gov>).

The Commission appoints James F. Callow to represent the interests of the general public (Public Representative) in this docket.

### III. Ordering Paragraphs

It is ordered:

1. The Commission establishes Docket Nos. MC2014–32 and CP2014–57 to consider the matters raised in each docket.

2. Pursuant to 39 U.S.C. 505, James F. Callow is appointed to serve as an officer of the Commission to represent the interests of the general public in these proceedings (Public Representative).

3. Comments are due no later than July 15, 2014.

4. The Secretary shall arrange for publication of this order in the **Federal Register**.

By the Commission.

**Shoshana M. Grove,**

*Secretary.*

[FR Doc. 2014–16220 Filed 7–10–14; 8:45 am]

**BILLING CODE 7710–FW–P**

## POSTAL REGULATORY COMMISSION

[Docket No. CP2014–9; Order No. 2114]

### Amendment to Postal Product

**AGENCY:** Postal Regulatory Commission.

**ACTION:** Notice.

**SUMMARY:** The Commission is noticing a recent Postal Service filing concerning an amendment to Priority Mail Contract 70. This notice informs the public of the filing, invites public comment, and takes other administrative steps.

**DATES:** *Comments are due:* July 14, 2014.

**ADDRESSES:** Submit comments electronically via the Commission's Filing Online system at <http://www.prc.gov>. Those who cannot submit comments electronically should contact the person identified in the **FOR FURTHER INFORMATION CONTACT** section by telephone for advice on filing alternatives.

### FOR FURTHER INFORMATION CONTACT:

David A. Trissell, General Counsel, at 202–789–6820.

## SUPPLEMENTARY INFORMATION:

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### I. Introduction

On July 3, 2014, the Postal Service filed notice that it has agreed to an Amendment to the existing Priority Mail Contract 70 negotiated service agreement approved in this docket.<sup>1</sup> In support of its Notice, the Postal Service includes a redacted copy of the Amendment. Notice at 1.

The Postal Service also filed the unredacted Amendment under seal. *Id.* The Postal Service seeks to incorporate by reference the Application for Non-Public Treatment originally filed in this docket for the protection of information that it has filed under seal. *Id.*

The Amendment concerns the packages to which the contract applies and the locations from which the packages must originate. *Id.*, Attachment A at 1.

The Postal Service intends for the Amendment to become effective one business day after the date that the Commission completes its review of the Notice. Notice at 1. The Postal Service asserts that the Amendment will not impair the ability of the contract to comply with 39 U.S.C. 3633. *Id.*

### II. Notice of Filing

The Commission invites comments on whether the changes presented in the Postal Service's Notice are consistent with the policies of 39 U.S.C. 3632, 3633, or 3642, 39 CFR 3015.5, and 39 CFR part 3020, subpart B. Comments are due no later than July 14, 2014. The public portions of these filings can be accessed via the Commission's Web site (<http://www.prc.gov>).

The Commission appoints Kenneth R. Moeller to represent the interests of the general public (Public Representative) in this docket.

### III. Ordering Paragraphs

It is ordered:

1. The Commission reopens Docket No. CP2014–9 for consideration of matters raised by the Postal Service's Notice.

2. Pursuant to 39 U.S.C. 505, the Commission appoints Kenneth R. Moeller to serve as an officer of the Commission (Public Representative) to represent the interests of the general public in this proceeding.

<sup>1</sup> Notice of United States Postal Service of Amendment to Priority Mail Contract 70, July 3, 2014 (Notice).

3. Comments are due no later than July 14, 2014.

4. The Secretary shall arrange for publication of this order in the **Federal Register**.

By the Commission.

**Shoshana M. Grove,**

*Secretary.*

[FR Doc. 2014–16175 Filed 7–10–14; 8:45 am]

**BILLING CODE 7710–FW–P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–72547; File No. SR–NYSEMKT–2014–56]

### Self-Regulatory Organizations; NYSE MKT LLC; Notice of Filing of Proposed Rule Change Amending Rule 13—Equities To Make the Add Liquidity Only Modifier Available for Additional Limit Orders and Make the Day Time-In-Force Condition Available for Intermarket Sweep Orders

July 7, 2014.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”) and Rule 19b–4 thereunder,<sup>3</sup> notice is hereby given that on June 27, 2014, NYSE MKT LLC (“Exchange” or “NYSE MKT”) filed with the Securities and Exchange Commission (“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 Rule 13—Equities to make the Add Liquidity Only (“ALO”) modifier available for additional limit orders and make the day time-in-force condition available for Intermarket Sweep Orders (“ISO”). 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.

### 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

<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.

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 is proposing to amend Rule 13—Equities (“Rule 13”) to make the ALO modifier available for additional limit orders and make the day time-in-force condition available for ISOs.

ALO Modifier

The Exchange currently offers an ALO modifier for MPL Orders, which are undisplayed limit orders that execute at the mid-point of the protected best bid or offer (“PBBO”).<sup>4</sup> Pursuant to paragraph (e) governing MPL Orders in Rule 13, an MPL–ALO Order will not execute upon arrival, even if marketable. The Exchange proposes to amend Rule 13 to make the ALO modifier available for day limit orders. The Exchange notes that all other equity exchanges already make available add-liquidity-only functionality for limit orders.<sup>5</sup>

To effect this change, the Exchange proposes to adopt a definition of ALO Modifier in Rule 13. Proposed paragraph (a) of this new definition would describe how an ALO Modifier impacts an order to which it is appended, which is the same functionality as the ALO modifier currently available for MPL Orders. Specifically, an order designated ALO does not route and will not remove liquidity from the Exchange’s book. Proposed paragraph (a) of the new definition would also state that ALO modifiers are available for MPL Orders,

as they are today, and for day limit orders.<sup>6</sup> Because the behavior of MPL–ALO Orders is currently described in paragraph (e) for MPL Orders in Rule 13, the Exchange further proposes to cross-reference that rule text in the new definition for ALO Modifiers. Accordingly, the remainder of the proposed definition for ALO Modifier would describe the behavior of limit orders designated ALO.

The Exchange further proposes in new paragraph (a) of the new definition that limit orders designated ALO would be eligible to participate in the open or close, which would include Limit on Open or Limit on Close Orders, but that the ALO designation would be ignored. The Exchange’s opening and closing transactions are single-priced auction transactions and the Exchange does not consider either side of the transaction to be either a “provider” or a “taker.” Accordingly, an ALO modifier is moot for the open or close. In order to enable as much interest as possible to participate in the open or close, the Exchange proposes to include any limit orders designated ALO in these auctions, but to ignore the ALO designation.

To promote the display of liquidity, the Exchange further proposes that a limit order designated ALO must be entered with a minimum of one displayable round lot. Accordingly, the ALO Modifier would be available for Minimum Display Reserve Orders (Rule 13) and Minimum Display Reserve e-Quotes (Rule 70(f)(1)—Equities). The Exchange would reject incoming limit orders designated ALO that do not meet the minimum display requirement, including odd-lot sized orders designated ALO.

The Exchange proposes to specify in paragraph (c) to the new rule text that the following interest may not be designated ALO: (1) DMM interest entered via the Capital Commitment Schedule pursuant to Rule 1000—Equities; (2) d-Quotes, as defined in Rule 70.25—Equities; (3) Sell “Plus”—Buy “Minus” Orders as defined in Rule 13; (4) Non-Display Reserve Orders, as defined in Rule 13, or Non-Display Reserve e-Quotes, as defined in Rule 70(f)(ii)—Equities; or (5) Retail Orders or Retail Price Improvement Orders, as defined in Rule 107C—Equities.

<sup>6</sup> Pursuant to Rule 13, a “Limit, Limited Order, or Limited Price Order” means an order to buy or sell a stated amount of a security at a specified price, or at a better price, if obtainable and a “Day Order” means an order to buy or sell which, if not executed, expires at the end of the 9:30 a.m. to 4:00 p.m. trading session on the day on which it was entered.

To assure that a limit order designated ALO meets its goal to be available on the Exchange’s book to add liquidity to arriving orders, the Exchange proposes to re-price a limit order designated ALO that upon arrival would be marketable against Exchange interest or would lock or cross a protected quotation in violation of Rule 610(d) of Regulation NMS.<sup>7</sup> Accordingly, the Exchange proposes to specify in paragraph (b) to the rule text for ALO Modifiers that if, at the time of entry, a limit order designated ALO is marketable against Exchange interest or would lock or cross a protected quotation in violation of Rule 610(d) of Regulation NMS, the order would be re-priced and displayed one minimum price variation, as defined in supplementary material to Rule 62—Equities, below the best-priced sell interest (for bids) or above the best-priced buy interest (for offers). The Exchange notes that re-pricing a limit order designated ALO so that it would not execute against resting Exchange interest or lock or cross a protected quotation is consistent with how other equities markets currently operate.<sup>8</sup>

The Exchange proposes to use the term “Exchange interest” in the proposed rule text in order to include both displayed interest and non-displayed interest (i.e., Non-Displayed Reserve Orders or odd-lot sized orders), which may be priced better than the displayed quote. In addition, the Exchange proposes to add new Supplementary Material .10 to Rule 13 to define new terms to capture the best price among Exchange displayed and non-displayed interest and the best away protected quote. As proposed, the term “best-priced sell interest” would refer to the lowest-priced sell interest against which incoming buy interest would be required to execute with and/or route to, including Exchange displayed offers, Non-Display Reserve Orders, Non-Display Reserve e-Quotes, odd-lot sized sell interest, and protected offers on away markets, but would not include non-displayed interest that is priced based on the PBBO, such as MPL Orders or Retail Price Improvement Orders (“RPI”). The term “best-priced buy interest” would refer to the highest-priced buy interest against which incoming sell interest would be required to execute with and/or route to, including Exchange displayed bids, Non-Display Reserve Orders, Non-

<sup>7</sup> 17 CFR 242.610(d).

<sup>8</sup> See BATS Rules 11.9(c)(6) and 11.9(g)(2)(D); BATS–Y Rules 11.9(c)(6) and 11.9(g)(2)(D); CHX Article 20, Rule 4(b)(25) (“CHX Only”); EDGA Rule 11.5(c)(5); EDGX Rule 11.5(c)(5); Nasdaq Rule 4751(f)(10); and NYSE Arca Equities Rule 7.31(mm) (PNP Blind order combined with an ALO order).

<sup>4</sup> See Rule 13 (Mid-Point Passive Liquidity (MPL) Order).

<sup>5</sup> See BATS Exchange, Inc. (“BATS”) Rule 11.9(c)(6) (“BATS Post Only Order”); BATS Y-Exchange, Inc. (“BATS–Y”) Rule 11.9(c)(6) (“BATS Post Only Order”); Chicago Stock Exchange, Inc. (“CHX”) Article 20, Rule 4(b)(18) (“Post Only”); EDGA Exchange, Inc. (“EDGA”) Rule 11.5(c)(5) (“Post Only Order”); EDGX Exchange, Inc. (“EDGX”) Rule 11.5(c)(5) (“Post Only Order”); NASDAQ Stock Market LLC (“Nasdaq”) Rule 4751(f)(10) (“Post-Only Orders”); NASDAQ OMX BX LLC (“Nasdaq OMX BX”) Rule 4751(f)(10) (“Post-Only Orders”); NASDAQ OMX PHLX LLC (“Nasdaq OMX PSX”) Rule 3301(f)(11) (“Post-Only Orders”); and NYSE Arca Equities, Inc. (“NYSE Arca Equities”) Rule 7.31(nn).

Display Reserve e-Quotes, odd-lot sized buy interest, and protected bids on away markets, but would not include non-displayed interest that is priced based on the PBBO, such as MPL Orders or RPIs. The Exchange believes it is appropriate to exclude MPL Orders from the definition of best-priced sell/buy interest because the price at which an MPL Order is eligible to execute changes as the PBBO moves.

As further proposed, if the best-priced sell interest is re-priced higher, an order to buy designated ALO would be re-priced and re-displayed higher, up to its limit price. If the best-priced buy interest is re-priced lower, an order to sell designated ALO would be re-priced and re-displayed lower, down to its limit price. The Exchange believes that re-pricing and re-displaying limit orders designated ALO each time the best-priced sell interest is priced higher (for bids) or the best-priced buy interest is priced lower (for offers) would ensure that the order is displayed at its most aggressive price without requiring the order to either take liquidity or lock or cross a protected quotation.

In addition, as proposed, a limit order designated ALO would not be re-priced if it is displayed at its limit price or if the best-priced sell interest moves down in price (for limit orders to buy designated ALO) or if the best-priced buy interest moves up in price (for limit orders to sell designated ALO). Once an order reaches its limit price, the Exchange would no longer need to re-price it. The Exchange also would not need to re-price a limit order designated ALO if the best-priced sell interest moves down (for bids) or the best-priced buy interest moves up (for offers) because in such scenario, the limit order designated ALO would have been displayed first at that price and the opposite-side bid or offer would be required to execute with or route to the resting limit order designated ALO.

For example, assume the Exchange best bid and offer ("BBO") in XYZ is 10.05 x 10.11, the PBBO is 10.05 x 10.09, and the Exchange has a non-displayed odd-lot sell order priced at 10.07. In this scenario, the best-priced sell interest, as defined in new supplementary material .10 to Rule 13, would be 10.07. Accordingly, if the Exchange were to receive a limit order to buy designated ALO at 10.12 ("Order A"), the Exchange would re-price and display Order A at \$10.06, which is one MPV below the 10.07 best-priced sell interest.

Assume now that the resting odd-lot order to sell on the Exchange is either executed or cancelled, but the Exchange best offer and PBO does not change.

Because the new best-priced sell interest is the away-market PBO of 10.09, Order A would re-price and re-display to 10.08, which is one MPV below the updated best-priced sell interest.

Assume further that the market updates so that both the Exchange's BBO and the PBBO update to 10.08–10.14 and there is no undisplayed interest to sell at the Exchange. Order A would be re-priced and re-displayed at its limit price of 10.12. At this point, because it has been displayed at its limit price, Order A would not be subject to any further re-pricing. If the Exchange were to receive incoming sell interest marketable against Order A, Order A would be available liquidity to execute against that incoming sell interest.

As further proposed, a limit order designated ALO would receive a new time stamp each time it is re-priced and re-displayed. The Exchange believes that providing a new time stamp each time a limit order designated ALO is re-priced and re-displayed is consistent with current Exchange rules that provide that an order that is modified to change the price of the order shall receive a new time stamp.<sup>9</sup>

As noted above, limit orders designated ALO would not be priced based on resting opposite-side MPL Orders, which are triggered to trade at the midpoint of the PBBO by arriving interest. To assure that limit orders designated ALO would not trigger an opposite-side MPL Order to trade, the Exchange proposes to add new paragraph (d) governing ALO Modifiers in Rule 13 to specify that a limit order designated ALO would not trigger a contra-side MPL Order to trade. The Exchange proposes to make a conforming change to paragraph (a) governing MPL Orders in Rule 13 to specify that an incoming limit order designated ALO would not interact with an MPL Order.

For example, assume the Exchange BBO and PBBO in XYZ is 10.05–10.09 and there is a sell MPL Order eligible to execute at the midpoint of the PBBO, which would be 10.07. Assume further that the Exchange also has a Non-Display Reserve Order to sell priced at 10.08. In this scenario, an incoming buy order designated ALO priced at 10.11 ("Order B") would re-price and display one MPV below the best-priced sell interest, which is 10.08. Accordingly, Order B would display at 10.07. Although the new 10.07 bid is at the same price that the resting MPL Order could have executed when the PBBO was 10.05 x 10.09, because the new bid updates the PBBO to 10.07 x 10.09, the

MPL Order is now eligible to execute at 10.08 and no longer at 10.07.

Because pegging interest may be designated ALO, the Exchange proposes to amend the rules governing pegging interest in Rule 13 to take into consideration how an ALO Modifier would function with pegging interest. As proposed in paragraph (c) governing pegging interest in Rule 13, pegging interest to buy (sell) that is designated ALO would not peg to a price that would result in its executing before displaying and shall instead peg one minimum price variation below (above) the undisplayed Exchange sell (buy) interest against which it would have otherwise executed. For example, assume the Exchange BBO is 10.05 x 10.10 and the PBBO is 10.08 x 10.10 and the Exchange has sell odd-lot interest priced at 10.08. Assume further incoming pegging interest to buy designated ALO with a limit of 10.10 arrives ("Order C"). If Order C were not designated ALO, it would peg to the PBB of 10.08 and execute against the resting odd-lot interest, and any remainder would be displayed at 10.08. As proposed, with the ALO designation, to assure that Order C would not execute on arrival, it would peg to a price one MPV below the 10.08 odd-lot sell interest and display at 10.07.

#### Day Time-in-Force Designation for ISOs

An ISO is currently defined in Rule 13 as a limit order designated for automatic execution that meets the following requirements: (i) it is identified as an ISO in the manner prescribed by the Exchange; and (ii) simultaneously with the routing of an ISO to the Exchange, one or more additional limit orders, as necessary, are routed to execute against the full displayed size of any protected bid, in the case of a limit order to sell, or the full displayed size of any protected offer, in the case of a limit order to buy and these additional orders are identified as ISOs. This definition is based on the definition of an ISO set forth in Regulation NMS Rule 600(b)(30),<sup>10</sup> and is consistent with similar provisions on other exchanges.<sup>11</sup>

Currently, the Exchange immediately and automatically executes an ISO upon arrival and the portion not so executed will be immediately and automatically

<sup>10</sup> 17 CFR 242.600(b)(30).

<sup>11</sup> See BATS Rule 11.9(d); BATS–Y Rule 11.9(d); CHX Article 20, Rule 4(b)(1) and (15); EDGA Rule 11.5(d); EDGX Rule 11.5(d); Nasdaq Rule 4751(f)(6); Nasdaq OMX BX Rule 4751(f)(6); Nasdaq OMX PSX Rule 3301(f)(6); and NYSE Arca Equities Rule 7.31(jj).

<sup>9</sup> See Rule 72(xii)—Equities.

cancelled.<sup>12</sup> Accordingly, the Exchange treats all ISOs with an immediate-or-cancel time-in-force condition.

Other equities exchanges do not limit their ISOs to an immediate-or-cancel time-in-force condition.<sup>13</sup> Accordingly, the Exchange proposes to amend Rule 13 governing ISOs to make available an ISO Order with a day time-in-force condition. As proposed, an ISO designated day ("Day ISO"), if marketable upon arrival, would be immediately and automatically executed against the displayed bid (offer) up to its full size in accordance with and to the extent provided by Rules 1000—Equities- 1004—Equities and would then sweep the Display Book,<sup>®</sup> as provided in Rule 1000—Equities(d)(iii). This proposed rule text is consistent with current paragraph (b) governing ISOs in Rule 13.

The Exchange further proposes to provide that the remaining unexecuted portion of a Day ISO would be posted to the Exchange's book at its limit price and may lock or cross a protected quotation that was displayed at the time of arrival of the Day ISO. The Exchange believes this proposed rule text is consistent with Regulation NMS and the rules of other exchanges because the member organization that sent the Day ISO to the Exchange has an existing obligation (pursuant to paragraph (a)(ii) governing ISOs in Rule 13) to simultaneously route ISOs to trade with the full size of protected quotations on other markets.<sup>14</sup> Accordingly, the Exchange would consider any protected quotes that existed at the time of arrival of the Day ISO as cleared when it posts any remainder of a Day ISO to the Exchange's book.<sup>15</sup>

The Exchange further proposes that a Day ISO must be entered with a minimum of one displayable round lot. Accordingly, similar to the proposed ALO Modifier for limit orders, Day ISOs would be available for Minimum

Display Reserve Orders and Minimum Display Reserve e-Quotes. The Exchange also proposes that a Day ISO may also be designated ALO.

Because Day ISOs would not route, which is similar to the proposed ALO Modifier functionality, the Exchange proposes to re-price and re-display resting Day ISOs in a manner consistent with the proposed re-pricing and re-displaying functionality described above for limit orders designated ALO. As proposed, if, after posting, a Day ISO would lock or cross a protected quotation, the Exchange would re-price and re-display the order consistent with proposed paragraph (b) for ALO Modifiers in Rule 13. Accordingly, any such re-pricing would be based on the best-priced sell interest (for bids) or best-priced buy interest (for offers), as proposed in new Supplementary Material .10 to Rule 13.

The Exchange further proposes that a Day ISO designated ALO that is marketable upon arrival would follow a combination of both the Day ISO and ALO rules. Specifically, the Day ISO element of this order would be permitted to trade through away market protected quotations on arrival and lock or cross a protected quotation. In addition, the ALO element would require that this order not result in taking liquidity. Accordingly, the Exchange proposes that if a Day ISO designated ALO is marketable against Exchange interest on arrival, it would be re-priced and displayed one minimum price variation, as defined in supplementary material to Rule 62—Equities, below the Exchange's best-priced displayed or non-displayed non-MPL Order sell interest (for bids) or above the best-priced Exchange displayed or non-displayed non-MPL Order buy interest (for offers). Any re-pricing and display on arrival would ignore away-market protected quotations. As further proposed, once a Day ISO designated ALO has been posted to the Exchange's book, to assure that any subsequent re-pricing and re-displaying of a Day ISO designated ALO does not lock or cross a protected quotation, the Exchange proposes to follow the re-pricing rule set forth in proposed paragraph (b) for ALO Modifiers in this Rule. Therefore, any subsequent re-pricing would be based on the best-priced sell interest (for bids) or best-priced buy interest (for offers), as proposed in new Supplementary Material .10 to Rule 13.

For example, assume the BBO in XYZ is 10.05 x 10.11, the PBBO is 10.05 x 10.09, and the Exchange has a resting odd-lot order to sell priced at 10.07. In this scenario, the best-priced sell

interest, as defined in new supplementary material .10 to Rule 13, would be 10.07. If the Exchange were to receive a Day ISO to buy at 10.12 ("Order D"), the Exchange would execute Order D against the resting odd-lot order to sell at 10.07, ignore the best protected offer of 10.09, and execute against the Exchange's best offer of 10.11. If there were any remaining quantity of Order D, it would post at 10.12. Although this 10.12 bid would cross the 10.09 PBO, the Exchange would consider that 10.09 PBO cleared pursuant to the existing obligation for the entering firm to have sent an ISO to trade with the full size of that PBO simultaneous with entering Order D at the Exchange.

Assume instead that the Day ISO to buy at 10.12 is also designated ALO ("Order E"). In this scenario, upon arrival, Order E would be re-priced and displayed at 10.06, which is one MPV below the Exchange's best priced non-displayed interest. Assume instead that the Exchange receives a Day ISO designated ALO to buy at 10.12 ("Order F"), but that when Order F arrives, the BBO is 10.05 x 10.11, the PBBO is 10.05 x 10.09, and the Exchange has no non-displayed sell interest. In this scenario, the Exchange would ignore the 10.09 PBO and Order F would be re-priced and displayed at 10.10, which is one MPV below the Exchange's best-priced displayed offer of 10.11. Assume the market updates and the BBO becomes 10.10 x 10.14 and the PBBO is 10.10 x 10.12. Order F would re-price and re-display one MPV below the best-priced sell interest, which here would be the 10.12 PBO. Accordingly, Order F would re-price and re-display at 10.11.

The Exchange also proposes to add new paragraph (e) governing ISOs in Rule 13 to specify that IOC ISOs and Day ISOs are not available for Sell "Plus"—Buy "Minus" Orders or Non-Display Reserve Orders or Non-Display Reserve e-Quotes.

Finally, the Exchange proposes non-substantive changes to paragraph (a) defining ISOs to provide more detail regarding the current operation of ISOs, consistent with existing NYSE Arca Rule 7.31(jj). As proposed, the Exchange would define an ISO as a limit order designated for automatic execution in a particular security that is never routed to an away market, may trade through a protected bid or offer, and will not be rejected or cancelled if it would lock, cross, or be marketable against an away market provided that it meets the requirements described in the rule. The Exchange also proposes to make non-substantive, technical amendments to define the term "Intermarket Sweep

<sup>12</sup> See paragraph (b) governing ISOs in Rule 13.

<sup>13</sup> The rules of Nasdaq, BATS, BATS-Y, EDGA, and EDGX do not expressly provide that their versions of ISOs can be day, however, nor do their rules prohibit this functionality. In practice, Nasdaq, BATS, BATS-Y EDGA, and EDGX all accept ISOs with a day time-in-force condition. In addition, NYSE Arca Equities expressly permits an ISO with a day time-in-force condition, which is entered as a Post No Preference ("PNP") Order. See, e.g., NYSE Arca Equities Rule 7.31(w) (PNP Order designated ISO does not route and may lock and cross and trade through protected quotations). See also Securities Exchange Act Release No. 34-54549 (Sept. 29, 2006), 71 FR 59179 (Oct. 6, 2006) (SR-NYSEArca-2006-59) (Order approving NYSE Arca Equities' proposal to adopt ISO PNP Orders, which post to NYSE's Arca book and may lock or cross protected quotations). See also CHX Article 20, Rules 4(b)(1) and (23).

<sup>14</sup> See *supra* n. 11.

<sup>15</sup> See *supra* n. 13.

Order” as “ISO” and change references from “Intermarket Sweep Order” to “ISO.” The Exchange further proposes a non-substantive, technical change to define the existing form of an ISO as an “ISO designated IOC (‘IOC ISO’).”

Because of the technology changes associated with this proposed rule change, the Exchange proposes to announce the implementation date of ALO Modifiers for day limit orders and Day ISOs by Trader Update.

## 2. Statutory Basis

The proposed rule change is consistent with Section 6(b)<sup>16</sup> of the Act, in general, and furthers the objectives of Section 6(b)(5),<sup>17</sup> in particular, in that it is designed to promote just and equitable principles of trade, remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest.

The Exchange believes that the proposal is designed to remove impediments to and perfect the mechanism of a free and open market and a national market system because the expansion of the availability of ALO Modifiers for day limit orders will increase competition, not only among market participants, but also among exchanges offering similar functionality. Specifically, all other equity exchanges currently enable member firms to enter limit orders that would only post on the designated exchange and not route.<sup>18</sup> The Exchange proposes to expand its existing ALO functionality, consistent with other markets, to also make it available for limit orders. The Exchange believes that requiring limit orders designated ALO to be entered with a minimum display quantity will help perfect the mechanism of a free and open market by encouraging additional displayed liquidity on a public registered exchange, and therefore promote price discovery. The Exchange further believes that the proposed re-pricing and re-displaying of a limit order designated ALO removes impediments to and perfects the mechanism of a free and open market because it assures that such an order would meet its intended goal to be available on the Exchange’s book as displayed liquidity without locking or crossing a protected quotation in violation of Rule 610(d) of Regulation NMS.<sup>19</sup> The Exchange further notes that the proposed re-pricing and re-

displaying of limit orders designated ALO is consistent with how other exchanges currently operate.<sup>20</sup>

The Exchange also believes that adding a day time-in-force condition for ISOs, an existing order type on the Exchange, is designed to remove impediments to and perfect the mechanism of a free and open market and national market system because the proposed expansion is consistent with the definition of an ISO under Regulation NMS<sup>21</sup> and with the operation of how ISOs may be entered on other exchanges, including that it may trade through protected quotations on arrival and display on the Exchange at a price that may lock or cross a protected quotation.<sup>22</sup> The Exchange further believes that any subsequent re-pricing and re-displaying of a Day ISO after it has posted on the Book will meet the entering firm’s expectations that a Day ISO order not route, while at the same time ensure that it would not lock or cross a protected quotation in violation of Rule 610(d) of Regulation NMS.<sup>23</sup>

### (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. Rather, the Exchange believes that the proposed rule change is pro-competitive because it expands the functionality associated with existing Exchange order types to conform to how these order types already operate on other exchanges, thereby harmonizing the forms of order types available for market participants that trade on equity exchanges.<sup>24</sup>

### (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.

<sup>20</sup> See *supra* n. 8.

<sup>21</sup> 17 CFR 242.600(b)(3) and *supra* n. 11.

<sup>22</sup> See *supra* n. 13, 71 FR at 59181 (“If an ISO is not marked as ‘immediate or cancel,’ any remaining balance in the order would be displayed by the Exchange without regard to whether that display would lock or cross another market center, only if the participant routing the order has already sent an order to satisfy the quotations of other markets so that the display of the order would not lock or cross those markets.”) and at 59182 (approving, among other things, NYSE Arca’s proposed ISO order type and finding that it is consistent with the Act).

<sup>23</sup> 17 CFR 242.610(d).

<sup>24</sup> See *supra*, nn. 5, 11, and 13.

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

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period 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 such proposed rule change, or

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

## IV. Solicitation of Comments

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

### Electronic Comments

- Use the Commission’s Internet comment form (<http://www.sec.gov/rules/sro.shtml>) or send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR–NYSEMKT–2014–56 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–2014–56. 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

<sup>16</sup> 15 U.S.C. 78f(b).

<sup>17</sup> 15 U.S.C. 78f(b)(5).

<sup>18</sup> See *supra* n. 5.

<sup>19</sup> 17 CFR 242.610(d).

inspection and copying at the NYSE's principal office and on its Internet Web site at [www.nyse.com](http://www.nyse.com). All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR–NYSEMKT–2014–56 and should be submitted on or before August 1, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>25</sup>

**Kevin M. O'Neill,**

*Deputy Secretary.*

[FR Doc. 2014–16190 Filed 7–10–14; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–72549; File No. SR–NASDAQ–2014–069]

### Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Modify NASDAQ Rule 7018 Fees

July 7, 2014.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b–4 thereunder,<sup>2</sup> notice is hereby given that on July 1, 2014, The NASDAQ Stock Market LLC (“NASDAQ” or the “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a proposed rule change as described in Items I, II and III below, which Items have been prepared by the Exchange. 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 the Substance of the Proposed Rule Change

NASDAQ is proposing to modify NASDAQ Rule 7018 fees assessed for execution and routing securities listed on NASDAQ, the New York Stock Exchange (“NYSE”) and on exchanges other than NASDAQ and NYSE.

The text of the proposed rule change is available at at NASDAQ's principal office, and at the Commission's Public Reference Room.

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

In its filing with the Commission, NASDAQ 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 Statutory Basis for, the Proposed Rule Change

###### 1. Purpose

NASDAQ is proposing to amend NASDAQ Rule 7018 to modify fees assessed for execution and routing securities listed on NASDAQ, NYSE (“Tape A”) and on exchanges other than NASDAQ and the NYSE (“Tape B”), as well as to make nonsubstantive changes to NASDAQ Rule 7018(a)(2) and (3) for the purposes of consistency in the manner that these subsections are organized within NASDAQ Rule 7018(a) and for improved clarity.

NASDAQ is also proposing to create a new credit tier of \$0.0025 per share executed for members that provide a daily average of at least 4 million shares of liquidity, which includes greater than 1.5 million shares per day of non-displayed liquidity, excluding midpoint orders. The Exchange believes that it does not need to include midpoint orders as part of this incentive as the Exchange has ample midpoint liquidity available for members to access. The Exchange believes that the proposed new fee tier will also encourage market participant activity and will also support price discovery and liquidity provision.

The Exchange also proposes to make nonsubstantive changes to NASDAQ Rule 7018(a)(2) and (3) for purposes of consistency in the manner in which these subsections are organized and for improved clarity. Specifically, the entry in these subsections for “firms that execute against resting midpoint liquidity” and its corresponding fee of \$0.0027 per share executed, have been moved-up within both NASDAQ Rule 7018(a)(2) and (3) verbatim so that within each subsection it will be properly situated as falling under the headings “Charge to enter orders that execute in the Nasdaq Market Center” and “Charge to member entering order

that executes in the Nasdaq Market Center”, respectively.

###### 2. Statutory Basis

NASDAQ believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,<sup>3</sup> in general, and with Sections 6(b)(4) and 6(b)(5) of the Act,<sup>4</sup> in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system which NASDAQ operates or controls, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers. This proposal is reasonable, equitable and not unfairly discriminatory for the reasons noted below.

The Exchange's proposal for a new credit tier of \$0.0025 per share executed for members that provide a daily average of at least 4 million shares of liquidity, which includes greater than 1.5 million shares per day of non-displayed liquidity, excluding midpoint orders, is consistent with an equitable allocation of fees and is not unfairly discriminatory because it remains consistent with the Exchange's approach of providing a credit to members that provide shares of liquidity, which benefits all market participants, and is applicable to all such orders and applies uniformly across all markets. Also, the Exchange believes it is reasonable to use pricing incentives, such as a new tier, because this new tier provides additional opportunities for members to increase their participation in the market.

The Exchange also proposes to make nonsubstantive changes to NASDAQ Rule 7018. Specifically, under both NASDAQ Rule 7018(a)(2) and (3) the entry for “firms that execute against resting midpoint liquidity” and its corresponding fee of \$0.0027 per share executed, have been moved-up within each of these subsections verbatim so that within each subsection it will be properly situated as falling under the headings “Charge to enter orders that execute in the Nasdaq Market Center” and “Charge to member entering order that executes in the Nasdaq Market Center”, respectively. These changes are intended to reflect greater consistency in the manner in which these subsections are organized within NASDAQ Rule 7018(a) and for improved clarity.

<sup>25</sup> 17 CFR 200.30–3(a)(12).

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

<sup>2</sup> 17 CFR 240.19b–4.

<sup>3</sup> 15 U.S.C. 78f.

<sup>4</sup> 15 U.S.C. 78f(b)(4) and (5).