

- Rule 4521 (Notifications, Questionnaires and Reports) replaced, in relevant part, old Rule 421;
- Rule 4560 (Short-Interest Reporting) replaced old Rules 421(1) and 421.10; and
- Rule 5190 (Notification Requirements for Offering Participants) replaced old Rule 392.<sup>4</sup>

These old Rules, or certain provisions thereof, are subject to the Exchange's Minor Rule Violation Plan under NYSE Rule 476A. At the time the new Rules were adopted to replace the old Exchange Rules, however, they were not added to the Exchange's Minor Rule Violation Plan. The Exchange therefore proposes to update the Exchange's Minor Rule Violation Plan under NYSE Rule 476A by adding the new rule references identified above.

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with, and furthers the objectives of, Section 6(b)(5) of the Act,<sup>5</sup> 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. The proposed rule change also furthers the objectives of Section 6(b)(6) of the Act,<sup>6</sup> in that it provides for appropriate discipline for violations of Exchange rules and regulations.

The Exchange believes that the proposed rule change will provide the Exchange with greater regulatory flexibility to enforce the prescriptions of certain rules in a more informal manner while also preserving the Exchange's discretion to seek formal discipline for more serious transgressions as warranted.

### 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.

### 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) of the Act<sup>7</sup> and Rule 19b-4(f)(3) thereunder.<sup>8</sup> Because the proposed rule change is concerned solely with the administration of the Exchange, the proposed rule change has become immediately effective upon filing pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(3) thereunder.

At any time within 60 days of the filing of the 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.

### IV. Solicitation of Comments

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

#### Electronic Comments

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NYSE-2010-66 on the subject line.

#### Paper Comments

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

All submissions should refer to File Number SR-NYSE-2010-66. 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 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 a.m. and 3 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-NYSE-2010-66 and should be submitted on or before October 15, 2010.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority:<sup>9</sup>

**Florence E. Harmon,**  
Deputy Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-62947; File No. SR-NYSEAmex-2010-96]

### Self-Regulatory Organizations; NYSE Amex LLC; Notice of Filing of a Proposed Rule Change Amending NYSE Amex Equities Rule 104 To Adopt Pricing Obligations for Designated Market Makers

September 20, 2010.

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 September 17, 2010, NYSE Amex LLC ("NYSE Amex" or the "Exchange") 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 Exchange. The Commission is publishing this notice to

<sup>4</sup> See Securities Exchange Act Release Nos. 59965 (May 21, 2009), 74 FR 25783 (May 29, 2009) (SR-NYSE-2009-25) (adopting, *inter alia*, NYSE Rules 3130, 4560, 5190); 61158 (December 11, 2009), 74 FR 67942 (December 21, 2009) (SR-NYSE-2009-123) (adopting NYSE Rule 2150); 61273 (December 31, 2009), 75 FR 1091 (January 8, 2010) (SR-NYSE-2009-134) (adopting NYSE Rule 3310); 61557 (February 22, 2010), 75 FR 9472 (March 2, 2010) (SR-NYSE-2010-10) (adopting, *inter alia*, NYSE Rules 4110, 4521). See also NYSE and NYSE Amex Information Memoranda 09-24 (June 2, 2009); 10-09 (February 18, 2010); 10-12 (March 11, 2010).

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

<sup>6</sup> 15 U.S.C. 78f(b)(6).

<sup>7</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>8</sup> 17 CFR 240.19b-4(f)(3).

<sup>9</sup> 17 CFR 200.30-3(a)(12); 200.30-3(a)(44).

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

<sup>2</sup> 17 CFR 240.19b-4.

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 Amex Equities Rule 104 to adopt pricing obligations for Designated Market Makers ("DMMs"). The text of the proposed rule change is available at the Exchange, the Commission's Public Reference Room, and <http://www.nyse.com>.

### **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 Statutory Basis for, the Proposed Rule Change**

##### **1. Purpose**

The Exchange proposes to amend NYSE Amex Equities Rule 104 to adopt pricing obligations for DMMs. Under the proposal, the Exchange will require DMMs to continuously maintain two-sided bid and offer interest within a Designated Percentage<sup>3</sup> from the National Best Bid and National Best Offer ("NBBO") for each security in which they are registered. These pricing obligations are intended to eliminate trade executions against DMM placeholder quotations traditionally priced far away from the inside market, commonly known as "stub quotes." They are also intended to augment and work in conjunction with Trading Pauses in individual securities due to extraordinary market volatility, which are already in place on a pilot basis for stocks in the S&P 500® Index and the Russell 1000® Index, under Exchange Rule 80C.<sup>4</sup>

<sup>3</sup> The term Designated Percentage is defined in proposed Rule 104(a)(1)(B)(iii).

<sup>4</sup> See Securities Exchange Act Release No. 62252 (June 10, 2010), 75 FR 34186 (June 16, 2010) (SR-NYSEAmex-2010-46). See also Securities Exchange Act Release No. 62884 (September 10, 2010), 75 FR 56618 (September 16, 2010) (SR-NYSEAmex-2010-63). See also Rule 80C.

Under the proposal, the Exchange will require DMMs to enter and maintain quotes priced no more than the Designated Percentage away from the NBBO. Permissible quotes are determined by the individual character of the security, the time of day in which the quote is entered, and other factors which are summarized below.

For purposes of the proposed rule, Designated Percentage shall mean the Threshold Move as defined under Rule 80C less two (2) percentage points. Because the Threshold Move across all exchanges is currently 10%, a DMM's quote in a security may not be more than 8% away from NBBO. Once a permissible quote is entered, it may rest without adjustment until such time as it is more than the Defined Limit away from the NBBO. For purposes of the proposed rule, the Designated Limit shall mean the Threshold Move as defined under Rule 80C less one-half percentage point (*i.e.* 9.5%). If the DMM's resting interest exceeds the Defined Limit the DMM must enter new interest at a price not more than the Designated Percentage of 8% away from the NBBO (or identify to the Exchange current resting interest that satisfies the DMM's obligation). For times during the trading day when a Trading Pause is not in effect under Rule 80C (*e.g.*, before 9:45 a.m. and after 3:35 p.m.), the Designated Percentage calculation will assume a trigger percentage of 22%. Therefore, a DMM must maintain a quote no further than 20% away from the NBBO and the quote may rest without adjustment until it is more than 21.5% from the NBBO. In the absence of an NBBO, the above calculations will remain the same, but will use the last reported sale from the single plan processor responsible for consolidation of information for the security pursuant to Rule 603 of Regulation NMS.<sup>5</sup>

For securities that are not subject to Trading Pauses, the Designated Percentage will assume a trigger percentage of 32% and apply the same 2% reduction. Thus, DMMs registered in those securities shall be required to maintain quotes no more than 30% away from NBBO. As with securities subject to Trading Pauses, once a permissible quote is entered it may rest without adjustment until such time as it becomes more than the Defined Limit away from the NBBO (31.5%), whereupon the DMM must enter new interest at a price not more than the Designated Percentage of 30% away from the NBBO (or identify to the Exchange current resting interest that satisfies the DMM's obligation). The

<sup>5</sup> 17 CFR 240.603.

Exchange proposes that these requirements shall apply to NMS Stocks (as defined in Rule 600 under Regulation NMS)<sup>6</sup> during the trading day.

Nothing in the proposal shall preclude a DMM from quoting at price levels that are closer to the NBBO than the levels required under the proposal.

##### **2. Statutory Basis**

The Exchange believes that its proposal is consistent with Section 6(b) of the Securities Exchange Act of 1934 (the "Act"),<sup>7</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>8</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. The Exchange believes that the proposed rule change also is consistent with the principles of Section 11A(a)(1)<sup>9</sup> of the Act in that it seeks to assure fair competition among brokers and dealers and among exchange markets. The Exchange believes the proposed rule change meets these requirements in that it promotes transparency and uniformity concerning pricing obligations across markets for certain market participants.

#### **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.

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

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

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

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

<sup>6</sup> 17 CFR 240.600.

<sup>7</sup> 15 U.S.C. 78f(b).

<sup>8</sup> 15 U.S.C. 78f(b)(5).

<sup>9</sup> 15 U.S.C. 78k-1(a)(1).

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 e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NYSEAmex-2010-96 on the subject line.

##### *Paper Comments*

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, Station Place, 100 F Street, NE., Washington, DC 20549-1090. All submissions should refer to File Number SR-NYSEAmex-2010-96. 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 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 inspection and copying in the Commission's Public Reference Room, 100 F Street, NE., Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of such 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 publicly available. All submissions should refer to File Number SR-NYSEAmex-2010-96 and

should be submitted on or before October 15, 2010.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>10</sup>

**Florence E. Harmon,**  
*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

**[Release No. 34-62948; File No. SR-NYSE-2010-69]**

### **Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing of a Proposed Rule Change Amending Rule 104 To Adopt Pricing Obligations for Designated Market Makers**

September 20, 2010.

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 September 17, 2010, New York Stock Exchange LLC ("NYSE" or the "Exchange") 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 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 Substance of the Proposed Rule Change**

The Exchange proposes to amend Rule 104 to adopt pricing obligations for Designated Market Makers ("DMMs"). The text of the proposed rule change is available at the Exchange, the Commission's Public Reference Room, and <http://www.nyse.com>.

#### **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 Statutory Basis for, the Proposed Rule Change*

##### **1. Purpose**

The Exchange proposes to amend Rule 104 to adopt pricing obligations for DMMs. Under the proposal, the Exchange will require DMMs to continuously maintain two-sided bid and offer interest within a Designated Percentage<sup>3</sup> from the National Best Bid and National Best Offer ("NBBO") for each security in which they are registered. These pricing obligations are intended to eliminate trade executions against DMM placeholder quotations traditionally priced far away from the inside market, commonly known as "stub quotes." They are also intended to augment and work in conjunction with Trading Pauses in individual securities due to extraordinary market volatility, which are already in place on a pilot basis for stocks in the S&P 500® Index and the Russell 1000® Index, under Exchange Rule 80C.<sup>4</sup>

Under the proposal, the Exchange will require DMMs to enter and maintain quotes priced no more than the Designated Percentage away from the NBBO. Permissible quotes are determined by the individual character of the security, the time of day in which the quote is entered, and other factors which are summarized below.

For purposes of the proposed rule, Designated Percentage shall mean the Threshold Move as defined under Rule 80C less two (2) percentage points. Because the Threshold Move across all exchanges is currently 10%, a DMM's quote in a security may not be more than 8% away from NBBO. Once a permissible quote is entered, it may rest without adjustment until such time as it is more than the Defined Limit away from the NBBO. For purposes of the proposed rule, the Designated Limit shall mean the Threshold Move as defined under Rule 80C less one-half percentage point (i.e. 9.5%). If the DMM's resting interest exceeds the Defined Limit the DMM must enter new interest at a price not more than the Designated Percentage of 8% away from the NBBO (or identify to the Exchange current resting interest that satisfies the

<sup>3</sup> The term Designated Percentage is defined in proposed Rule 104(a)(1)(B)(iii).

<sup>4</sup> See Securities Exchange Act Release No. 62252 (June 10, 2010), 75 FR 34186 (June 16, 2010) (SR-NYSE-2010-39). See also Securities Exchange Act Release No. 62884 (September 10, 2010), 75 FR 56618 (September 16, 2010) (SR-NYSE-2010-49). See also Rule 80C.

<sup>10</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.