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June 14, 2018

VIA FEDERAL EXPRESS

Brent J. Fields
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090

Re: Request for Extension of Exemptive Order Pursuant to Rule 612(c) of Regulation NMS – NYSE Retail Liquidity Program

Dear Mr. Fields:

NYSE LLC (“NYSE”) respectfully requests that the Securities and Exchange Commission (“Commission”) approve a six-month extension of the exemption from Rule 612 of Regulation NMS (“Sub-Penny Exemption”) previously granted by the Commission on July 3, 2012, for the Exchange’s Retail Liquidity Program (the “Program”).¹ The exemption operates

¹ The Sub-Penny Exemption was originally granted by the Commission concurrently with the approval of the Program. *See* Securities Exchange Act Release No. 67347 (July 3, 2012), 77 FR 40673 (July 10, 2012) (SR-NYSE-2011-55) (“RLP Approval Order”). On July 30, 2013 the Exchange requested an extension of the exemption for the Program. *See* Letter from Janet McGinness, SVP and Corporate Secretary, NYSE Euronext, to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, dated July 30, 2013. The pilot period for the Program was extended until July 31, 2014. *See* Securities Exchange Act Release No. 70096 (August 2, 2013), 78 FR 48520 (August 8, 2013) (NYSE-2013-48). On July 30, 2014, the Exchange requested a second extension of the exemption for the Program. *See* Letter from Martha Redding, Chief Counsel, NYSE to Kevin M O’Neill, Deputy Secretary, Commission, dated July 30, 2014. The pilot period for the Program was extended until March 31, 2015. *See* Securities Exchange Act Release No. 72629 (July 16, 2014), 79 FR 42564 (July 22, 2014) (NYSE-2014-35). On February 27, 2015, the Exchange requested a third extension of the exemption for the Program. *See* Letter from Martha Redding, Senior Counsel, NYSE to Brent J. Fields, Secretary, Commission, dated February 27, 2015. The pilot period for the Program was extended until September 30, 2015. *See* Securities Exchange Act Release No. 74454 (March 6, 2015), 80 FR 13054 (March 12, 2015) (SR-NYSE-2015-10). On September 17, 2015, the Exchange requested a fourth extension of the exemption for the Program. *See* Letter from Martha Redding, Senior Counsel, NYSE to Brent J. Fields, Secretary, Commission, dated September 17, 2015. The pilot period for the Program was extended until March 31, 2016. *See* Securities Exchange Act

coterminous with the pilot period of the Program. The pilot period is set to expire on June 30, 2018, and the exemption would expire on the same date.²

The Program was established on a pilot basis to attract retail order flow to the NYSE for NYSE-listed securities. The Program allows such order flow to receive potential price improvement. The Program is currently limited to trades occurring at prices equal to or greater than \$1.00 per share. Under the Program, Retail Liquidity Providers (“RLPs”) are able to provide potential price improvement in the form of a non-displayed order that is priced better than the Exchange’s best protected bid or offer (“PBBO”), called a Retail Price Improvement Order (“RPI”). When there is an RPI in a particular security, the Exchange disseminates an indicator, known as the Retail Liquidity Identifier, indicating such interest exists. Retail Member Organizations (“RMOs”) can submit a Retail Order to the Exchange, which would interact, to the extent possible, with available contra-side RPIs.

Release No. 75993 (September 28, 2015), 80 FR 59844 (October 2, 2015) (SR-NYSE-2015-41). On March 17, 2016, the Exchange requested a fifth extension of the exemption for the Program. *See* Letter from Martha Redding, Senior Counsel, NYSE to Brent J. Fields, Secretary, Commission, dated March 17, 2016. The pilot period for the Program was extended until August 31, 2016. *See* Securities Exchange Act Release No. 77426 (March 23, 2016), 81 FR 17533 (March 29, 2016) (SR-NYSE-2016-25). On August 8, 2016, the Exchange requested a sixth extension of the exemption for the Program. *See* Letter from Martha Redding, Associate General Counsel, NYSE, to Brent J. Fields, Secretary, Commission, dated August 8, 2016. The pilot period for the Program was extended until December 31, 2016. *See* Securities Exchange Act Release No. 78600 (August 17, 2016), 81 FR 57642 (August 23, 2016) (SR-NYSE-2016-54). On November 28, 2016, the Exchange requested a seventh extension of the exemption for the Program. *See* Letter from Martha Redding, Associate General Counsel, NYSE, to Brent J. Fields, Secretary, Commission, dated November 28, 2016. The pilot period for the Program was extended until June 30, 2017. *See* Securities Exchange Act Release No. 79493 (December 7, 2016), 81 FR 90019 (December 13, 2016) (SR-NYSE-2016-82). On May 23, 2017, the Exchange requested an eighth extension of the exemption for the Program. *See* Letter from Martha Redding, Associate General Counsel, NYSE, to Brent J. Fields, Secretary, Commission, dated May 23, 2017. The pilot period for the Program was extended until December 31, 2017. *See* Securities Exchange Act Release No. 80844 (June 1, 2017), 82 FR 26562 (June 7, 2017) (SR-NYSE-2017-26). On November 30, 2017, the Exchange requested a ninth extension of the exemption for the Program. *See* Letter from Martha Redding, Associate General Counsel, NYSE, to Brent J. Fields, Secretary, Commission, dated November 30, 2017. The pilot period for the Program was extended until June 30, 2018. *See* Securities Exchange Act Release No. 82230 (December 7, 2017), 82 FR 58667 (December 13, 2017) (SR-NYSE-2017-64) (extending pilot to June 30, 2018).

² Along with this exemption request, the Exchange proposes to extend the pilot period for the Program.

Mr. Brent J. Fields
June 14, 2018
Page 3 of 3

As stated in the Exchange's previous letters requesting relief,³ the Exchange believes that the quality of our markets and accuracy of price discovery depend on the interaction among a diverse set of market participants, including short-term, long-term, retail, and institutional investors. As was the case when the Commission granted the Sub-Penny Exemption, the vast majority of marketable retail order flow today is executed pursuant to bilateral agreements that are not exposed to the enhanced price competition and transparency occurring on exchanges. The Program continues to offer the potential to enhance the level of order interaction and price competition experienced by retail orders through market center competition. By extending the Sub-Penny Exemption, the Commission would allow exchanges to compete for retail orders in the same manner that OTC market makers have long done--by offering sub-penny prices. At the same time, the reasonable design and limited nature of the Program avoid any risk of quote flickering because sub-penny prices are not disseminated. In addition, the Program does not undermine the incentive of market participants to display orders because the marketable retail orders that are routed to the Program would not otherwise be exposed to price competition, but, rather, executed pursuant to bilateral internalization arrangements.

As participation has been increasing more recently with additional RLPs, extending the exemptions for the Program would provide additional opportunities for greater participation in the Program and assessment of the results of such participation. Accordingly, the Exchange's request that the previously provided exemptions be extended to December 31, 2018, because the Program serves the public interest and otherwise protects investors.

Thank you in advance for your consideration of this request.

Sincerely,



³ See Letter from Janet McGinness, SVP and Corporate Secretary, NYSE Euronext, to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, dated October 19, 2011. The Exchange amended the exemptive request on January 13, 2012. See Letter from Janet McGinness, SVP and Corporate Secretary, NYSE Euronext, to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, dated January 13, 2012. On July 30, 2013, July 30, 2014, February 27, 2015, September 17, 2015, March 17, 2016, August 8, 2016, November 28, 2016, May 23, 2017, and November 30, 2017, the Exchange requested extensions of the exemption for the Program.