



**Martha Redding**  
Associate General Counsel  
Assistant Secretary

New York Stock Exchange  
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New York, NY 10005  
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April 25, 2016

**VIA E-MAIL**

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

Re: Securities Exchange Act Rel. 34-76229 (SR-NYSE-2015-46)

Dear Mr. Fields:

NYSE LLC; filed the attached Partial Amendment No. 2 to the above-referenced filing on April 21, 2016.

Sincerely,

A handwritten signature in blue ink, appearing to be the initials "BJF" followed by a large, stylized flourish.

Encl. (Partial Amendment No. 2 to SR-NYSE-2015-46)

*Required fields are shown with yellow backgrounds and asterisks.*

Page 1 of \* 16 SECURITIES AND EXCHANGE COMMISSION File No.\* SR - 2015 - \* 46  
WASHINGTON, D.C. 20549  
Form 19b-4 Amendment No. (req. for Amendments \*) 2

Filing by New York Stock Exchange LLC  
 Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

<b>Initial *</b>	<b>Amendment *</b>	<b>Withdrawal</b>	<b>Section 19(b)(2) *</b>	<b>Section 19(b)(3)(A) *</b>	<b>Section 19(b)(3)(B) *</b>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			Rule		
<b>Pilot</b>	<b>Extension of Time Period for Commission Action *</b>	<b>Date Expires *</b>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

<b>Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010</b>	<b>Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934</b>
<b>Section 806(e)(1) *</b>	<b>Section 806(e)(2) *</b>
<input type="checkbox"/>	<input type="checkbox"/>
	<b>Section 3C(b)(2) *</b>
	<input type="checkbox"/>

<b>Exhibit 2 Sent As Paper Document</b>	<b>Exhibit 3 Sent As Paper Document</b>
<input type="checkbox"/>	<input type="checkbox"/>

**Description**

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

**Contact Information**

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name \* Sherry Last Name \* Sandler

Title \* Associate General Counsel NYSE Group Inc

E-mail \* [REDACTED]

Telephone \* [REDACTED] Fax [REDACTED]

**Signature**

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title \*)

Date 04/21/2016 Associate General Counsel

By Clare Saperstein [REDACTED]

(Name \*)

[REDACTED] Clare Saperstein, [REDACTED]

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

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

**Form 19b-4 Information \***

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

**Exhibit 1 - Notice of Proposed Rule Change \***

Add Remove View

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies \***

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications**

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Exhibit Sent As Paper Document

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

**Exhibit 3 - Form, Report, or Questionnaire**

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Exhibit Sent As Paper Document

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

**Exhibit 4 - Marked Copies**

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

**Exhibit 5 - Proposed Rule Text**

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

**Partial Amendment**

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

## SR-NYSE-2015-46, Partial Amendment No. 2

New York Stock Exchange LLC (“NYSE” or the “Exchange”) hereby submits this Partial Amendment No. 2 to the above-referenced filing (“Filing”) in connection with the proposed rule change (the “Proposal”) to establish rules to comply with the requirements of the Plan to Implement a Tick Size Pilot Program (“Plan”) submitted to the Securities and Exchange Commission (“SEC” or “Commission”) pursuant to Rule 608 of Regulation NMS under the Securities Exchange Act of 1934 (“Act”).<sup>1</sup>

The Exchange proposes to amend the Proposal to change the rule text in three ways. Specifically, the Exchange proposes changes pertaining to the definition of “Trading Center” in proposed Rule 67 to conform it to the FINRA Proposal,<sup>2</sup> and two changes to correct typographical errors in the Proposal.

First, the Exchange proposes to delete the proposed defined term “Trading Center”<sup>3</sup> from proposed Rule 67(a)(1)(C), and renumber the remaining sub-paragraphs and defined terms accordingly. By deleting this defined term, the capitalized term “Trading Center” used throughout Rule 67 would have the same meaning ascribed to it in the Plan, unless otherwise provided.<sup>4</sup>

The Exchange further proposes to add the phrase “an independent trading unit, as defined under Rule 200(f) of Regulation SHO, of” before the phrase “a Trading Center within a member organization” in proposed Rules 67(e)(4)(C)(i) and (ii). This proposed change to Rules 67(e)(4)(C)(i) and (ii) would directly refer to the independent trading unit, as defined under Rule 200(f) of Regulation SHO, for purposes of the exceptions to the Trade-At requirement in these subparagraphs. In conjunction therewith, the Exchange also proposes to refer to “that independent trading unit’s” previously displayed quote in the last sentences of Rules 67(e)(4)(C)(i) and (ii), rather than “the Trading Center’s” previously displayed quote, when stating that the Trade-at exception referenced

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

<sup>2</sup> See Securities Exchange Act Release No. 76483 (November 19, 2015), 80 FR 73853 (November 25, 2015) (SR-FINRA-2015-047) (as amended by Partial Amendment No. 1, the “FINRA Proposal”).

<sup>3</sup> Proposed Rule 67(a)(1)(C) currently states that “Trading Center” shall have the meaning provided in Rule 600(b)(78) of Regulation NMS under the Exchange Act and, for purposes of a Trading Center operated by a broker-dealer, means an independent trading unit, as defined under Rule 200(f) of Regulation SHO, within such broker-dealer.

<sup>4</sup> The Plan states that “Trading Center” has the meaning provided in Rule 600(b)(78) of Regulation NMS under the Exchange Act.

in these subparagraphs only applies up to the full displayed size of that previously displayed quote.

The Exchange believes the proposed amendments would make the Proposal consistent with the FINRA Proposal, in that FINRA uses the meaning set forth in the Plan to define what a Trading Center means throughout the FINRA Proposal, and only clarifies in its display exception set forth in FINRA Rule 6191(a)(6)(D)(ii)(a) that such exception applies to an order executed within the same “independent aggregation unit”<sup>5</sup> of the member that operates the Trading Center. Therefore, the concept of an independent trading unit with regard to a Trading Center only applies to such limited Trade-at exception.

Furthermore, without such clarification to the Proposal, one could interpret the defined term “Trading Center,” as used in the other rules of proposed Rule 67(a) and Rule 67(b), such as the data collection rules contained in Rule 67(b),<sup>6</sup> to apply only to independent trading units within such Trading Center. This would not be consistent with the intentions of the Exchange or the Plan.

Second, the Exchange proposes a non-substantive change to correct a typographical error in the definition of “Trade-at Intermarket Sweep Order” in proposed Rule 67(a)(1)(D). The first sentence of Proposed Rule 67(a)(1)(D)(ii) would provide that “one or more additional limit orders”, rather than “one of more additional limit orders,” as is currently drafted.

Finally, the Exchange is proposing another non-substantive change to correct a typographical error in the first sentence of Paragraph 11 of Partial Amendment No. 1 to the Proposal. The Exchange proposes to have the sentence read “*Supplementary Material .10,*” rather than “*Supplementary Material .01.*”

The Exchange believes that the above described changes are consistent with the Act because they would align the Exchange’s proposed rules pertaining to quoting and trading requirements under the Plan with FINRA’s rules approved by the Commission, and correct minor, non-substantive changes to the Proposal.

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<sup>5</sup> FINRA’s rule states that “independent aggregation unit” has the same meaning as provided under Rule 200(f) of SEC Regulation SHO.

<sup>6</sup> See Securities Exchange Act Release No. 77468 (March 29, 2016), 81 FR 19269 (April 4, 2016) (SR-NYSE-2016-27).

Exhibit 4 shows the changes proposed in this Partial Amendment No. 2, with the proposed changes in the original filing and Partial Amendment No. 1 shown as if adopted. Proposed additions in this Partial Amendment No. 2 appear underlined; proposed deletions appear in brackets.

\* \* \* \* \*

Rules of New York Stock Exchange LLC

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**Rule 67. Tick Size Pilot Plan**

The provisions of this Rule will be in effect during a pilot to coincide with the pilot period for the Regulation NMS Tick Size Pilot Plan.

(a) Tick Size Pilot Program

(1) Definitions.

(A) “Plan” means the Tick Size Pilot Plan Submitted to the Securities and Exchange Commission Pursuant to Rule 608(a)(3) of Regulation NMS under the Exchange Act.

(B) “Pilot Test Groups” means the three test groups established under the Plan, consisting of 400 Pilot Securities each, which satisfy the respective criteria established by the Plan for each such test group.

[(C) “Trading Center” has the meaning provided in Rule 600(b)(78) of Regulation NMS under the Exchange Act and, for purposes of a Trading Center operated by a broker-dealer, means an independent trading unit, as defined under Rule 200(f) of Regulation SHO, within such broker-dealer.]

[(D)]C “Retail Investor Order” means an agency order or a riskless principal order that meets the criteria of FINRA Rule 5320.03 that originates from a natural person and is submitted to the Exchange by a retail member organization, provided that no change is made to the terms of the order with respect to price or side of market and the order does not originate from a trading algorithm or any other computerized methodology. A Retail Investor Order may be an odd lot, round lot, or partial round lot.

[(E)]D “Trade-at Intermarket Sweep Order” means a limit order for a Pilot Security that meets the following requirements:

- (i) When routed to a Trading Center, the limit order is identified as a Trade-at Intermarket Sweep Order; and
- (ii) Simultaneously with the routing of the limit order identified as a Trade-at Intermarket Sweep Order, one or more additional limit orders, as necessary, are routed to execute against the full 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, for the Pilot Security with a price that is better than or equal to the limit price of the limit order identified as a Trade-at Intermarket Sweep Order. These additional routed orders also must be marked as Trade-at Intermarket Sweep Orders.

([F]E) All capitalized terms not otherwise defined in this Rule shall have the meanings set forth in the Plan, Regulation NMS under the Exchange Act, or Exchange rules, as applicable.

- (2) Exchange Participation in the Plan. The Exchange is a Participant in, and subject to the applicable requirements of, the Plan, which establishes a Tick Size Pilot Program that will allow the Securities and Exchange Commission, market participants, and the public to study and assess the impact of increment conventions on the liquidity and trading of the common stocks of small capitalization companies.
- (3) Member Organization Compliance. Member organizations shall establish, maintain and enforce written policies and procedures that are reasonably designed to comply with the applicable requirements of the Plan.
- (4) Exchange Compliance with the Plan. Exchange systems will not display, quote or trade in violation of the applicable quoting and trading requirements for a Pilot Security specified in the Plan and this Rule, unless such quotation or transaction is specifically exempted under the Plan.
- (5) Pilot Securities That Drop Below \$1.00 during the Pilot Period. If the price of a Pilot Security drops below \$1.00 during regular trading on any given business day, such Pilot Security will continue to be subject to the Plan and the requirements enumerated in (c)-(e) below and will continue to trade in accordance with such Rules as if the price of the Pilot Security had not dropped below \$1.00. However, if the Closing Price of a Pilot Security on any given business day is below \$1.00, such Pilot Security will be moved out of its respective Pilot Test Group into the Control Group, and may then be quoted and traded at any price increment that is currently permitted by Exchange rules for the remainder of the Pilot Period. Notwithstanding anything contained herein to the contrary, at all times during the Pilot Period, Pilot Securities (whether in the Control Group or any Pilot Test Group) will continue to be subject to the requirements contained in Paragraph (b).

(b) Reserved.

(c) Pilot Securities in Test Group One will be subject to the following requirement: No member organization may display, rank, or accept from any person any displayable or non-displayable bids or offers, orders, or indications of interest in increments other than \$0.05. However, orders priced to trade at the midpoint of the national best bid and national best offer (“NBBO”) or best protected bid and best protected offer (“PBBO”) and orders entered in the Exchange’s Retail Liquidity Program as Retail Price Improvement Orders (as defined in Rule 107C) may be ranked and accepted in increments of less than \$0.05. Pilot Securities in Test Group One may continue to trade at any price increment that is currently permitted by Rule 62.10.

(d) Pilot Securities in Test Group Two shall be subject to the following requirements:

- (1) No member organization may display, rank, or accept from any person any displayable or non-displayable bids or offers, orders, or indications of interest in increments other than \$0.05. However, orders priced to trade at the midpoint of the NBBO or PBBO and orders entered in the Exchange’s Retail Liquidity Program as Retail Price Improvement Orders (as defined in Rule 107C) may be ranked and accepted in increments of less than \$0.05.
- (2) Absent any of the exceptions listed in (3) below, no member organization may execute orders in any Pilot Security in Test Group Two in price increments other than \$0.05. The \$0.05 trading increment will apply to all trades, including Brokered Cross Trades.
- (3) Pilot Securities in Test Group Two may trade in increments less than \$0.05 under the following circumstances:
  - (A) Trading may occur at the midpoint between the NBBO or the PBBO;
  - (B) Retail Investor Orders may be provided with price improvement that is at least \$0.005 better than the PBBO;
  - (C) Negotiated Trades may trade in increments less than \$0.05; and
  - (D) Execution of a customer order to comply with Rule 5320 following the execution of a proprietary trade by the member organization at an increment other than \$0.05, where such proprietary trade was permissible pursuant to an exception under the Plan.

(e) Pilot Securities in Test Group Three shall be subject to the following requirements:

- (1) No member organization may display, rank, or accept from any person any displayable or non-displayable bids or offers, orders, or indications of interest in increments other than \$0.05. However, orders priced to trade at the midpoint of the NBBO or PBBO and orders entered in the Exchange’s Retail Liquidity Program as Retail Price Improvement Orders (as defined in Rule 107C) may be ranked and accepted in increments of less than \$0.05.
- (2) Absent any of the exceptions listed in (3) below, no member organization may execute orders in any Pilot Security in Test Group Three in price increments other than \$0.05. The \$0.05 trading increment will apply to all trades, including Brokered Cross Trades.



- (3) Pilot Securities in Test Group Three may trade in increments less than \$0.05 under the following circumstances:
- (A) Trading may occur at the midpoint between the NBBO or PBBO;
  - (B) Retail Investor Orders may be provided with price improvement that is at least \$0.005 better than the Best Protected Bid or the Best Protected Offer;
  - (C) Negotiated Trades may trade in increments less than \$0.05; and
  - (D) Execution of a customer order to comply with Rule 5320 following the execution of a proprietary trade by the member organization at an increment other than \$0.05, where such proprietary trade was permissible pursuant to an exception under the Plan.
- (4) Pilot Securities in Test Group Three will be subject to the following Trade-at Prohibition:
- (A) “Trade-at Prohibition” means the prohibition against executions by a Trading Center of a sell order for a Pilot Security at the price of a Protected Bid or the execution of a buy order for a Pilot Security at the price of a Protected Offer during regular trading hours.
  - (B) Absent any of the exceptions listed in (C) below, no member organization may execute a sell order for a Pilot Security in Test Group Three at the price of a Protected Bid or execute a buy order for a Pilot Security in Test Group Three at the price of a Protected Offer.
  - (C) Member organizations may execute a sell order for a Pilot Security in Test Group Three at the price of a Protected Bid or execute a buy order for a Pilot Security in Test Group Three at the price of a Protected Offer if any of the following circumstances exist:
    - (i) The order is executed as agent or riskless principal by an independent trading unit, as defined under Rule 200(f) of Regulation SHO, of a Trading Center within a member organization that has a displayed quotation as agent or riskless principal, via either a processor or an SRO Quotation Feed, at a price equal to the traded-at Protected Quotation, that was displayed before the order was received, but only up to the full displayed size of [the Trading Center’s] that independent trading unit’s previously displayed quote;
    - (ii) The order is executed by an independent trading unit, as defined under Rule 200(f) of Regulation SHO, of a Trading Center within a member organization that has a displayed quotation for the account of that Trading Center on a principal (excluding riskless principal) basis, via either a processor or an SRO Quotation Feed, at a price equal to the traded-at Protected Quotation, that was displayed before the order was received, but

only up to the full displayed size of [the Trading Center's] that independent trading unit's previously displayed quote;

- (iii) The order is of Block Size at the time of origin and may not be:
  - A. an aggregation of non-block orders;
  - B. broken into orders smaller than Block Size prior to submitting the order to a Trading Center for execution; or
  - C. executed on multiple Trading Centers;
- (iv) The order is a Retail Investor Order executed with at least \$0.005 price improvement;
- (v) The order is executed when the Trading Center displaying the Protected Quotation that was traded at was experiencing a failure, material delay, or malfunction of its systems or equipment;
- (vi) The order is executed as part of a transaction that was not a "regular way" contract;
- (vii) The order is executed as part of a single-priced opening, reopening, or closing transaction on the Exchange;
- (viii) The order is executed when a Protected Bid was priced higher than a Protected Offer in the Pilot Security;
- (ix) The order is identified as a Trade-at Intermarket Sweep Order;
- (x) The order is executed by a Trading Center that simultaneously routed Trade-at Intermarket Sweep Orders to execute against the full displayed size of the Protected Quotation that was traded at;
- (xi) The order is executed as part of a Negotiated Trade;
- (xii) The order is executed when the Trading Center displaying the Protected Quotation that was traded at had displayed, within one second prior to execution of the transaction that constituted the Trade-at, a Best Protected Bid or Best Protected Offer, as applicable, for the Pilot Security with a price that was inferior to the price of the Trade-at transaction;
- (xiii) The order is executed by a Trading Center which, at the time of order receipt, the Trading Center had guaranteed an execution at no worse than a specified price (a "stopped order"), where:

- A. The stopped order was for the account of a customer;
  - B. The customer agreed to the specified price on an order-by-order basis; and
  - C. The price of the Trade-at transaction was, for a stopped buy order, equal to or less than the National Best Bid in the Pilot Security at the time of execution or, for a stopped sell order, equal to or greater than the National Best Offer in the Pilot Security at the time of execution, as long as such order is priced at an acceptable increment;
- (xiv) The order is for a fractional share of a Pilot Security, provided that such fractional share order was not the result of breaking an order for one or more whole shares of a Pilot Security into orders for fractional shares or was not otherwise effected to evade the requirements of the Trade-at Prohibition or any other provisions of the Plan; or
- (xv) The order is to correct a bona fide error, which is recorded by the Trading Center in its error account. A bond fide error is defined as:
- A. The inaccurate conveyance or execution of any term of an order including, but not limited to, price, number of shares or other unit of trading; identification of the security; identification of the account for which securities are purchased or sold; lost or otherwise misplaced order tickets; short sales that were instead sold long or vice versa; or the execution of an order on the wrong side of a market;
  - B. The unauthorized or unintended purchase, sale, or allocation of securities, or the failure to follow specific client instructions;
  - C. The incorrect entry of data into relevant systems, including reliance on incorrect cash positions, withdrawals, or securities positions reflected in an account; or
  - D. A delay, outage, or failure of a communication system used to transmit market data prices or to facilitate the delivery or execution of an order.
- (D) No member organization shall break an order into smaller orders or otherwise effect or execute an order to evade the requirements of the Trade-at Prohibition of this Rule or any other provisions of the Plan.

Additions: Underlined

Deletions: [Bracketed]

Rules of New York Stock Exchange LLC

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**Rule 67. Tick Size Pilot Plan**

The provisions of this Rule will be in effect during a pilot to coincide with the pilot period for the Regulation NMS Tick Size Pilot Plan.

(a) Tick Size Pilot Program

(1) Definitions.

(A) “Plan” means the Tick Size Pilot Plan Submitted to the Securities and Exchange Commission Pursuant to Rule 608(a)(3) of Regulation NMS under the Exchange Act.

(B) “Pilot Test Groups” means the three test groups established under the Plan, consisting of 400 Pilot Securities each, which satisfy the respective criteria established by the Plan for each such test group.

(C) “Retail Investor Order” means an agency order or a riskless principal order that meets the criteria of FINRA Rule 5320.03 that originates from a natural person and is submitted to the Exchange by a retail member organization, provided that no change is made to the terms of the order with respect to price or side of market and the order does not originate from a trading algorithm or any other computerized methodology. A Retail Investor Order may be an odd lot, round lot, or partial round lot.

(D) “Trade-at Intermarket Sweep Order” means a limit order for a Pilot Security that meets the following requirements:

- (i) When routed to a Trading Center, the limit order is identified as a Trade-at Intermarket Sweep Order; and
- (ii) Simultaneously with the routing of the limit order identified as a Trade-at Intermarket Sweep Order, one or more additional limit orders, as necessary, are routed to execute against the full 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, for the Pilot Security with a price that is better than or equal to the limit price of the limit order identified as a Trade-at Intermarket Sweep Order. These additional routed orders also must be marked as Trade-at Intermarket Sweep Orders.

(E) All capitalized terms not otherwise defined in this Rule shall have the meanings set forth in the Plan, Regulation NMS under the Exchange Act, or Exchange rules, as applicable.

(2) Exchange Participation in the Plan. The Exchange is a Participant in, and subject to the applicable requirements of, the Plan, which establishes a Tick Size Pilot Program that will allow the Securities and Exchange Commission, market participants, and the public to study and assess the impact of increment conventions on the liquidity and trading of the common stocks of small capitalization companies.

(3) Member Organization Compliance. Member organizations shall establish, maintain and enforce written policies and procedures that are reasonably designed to comply with the applicable requirements of the Plan.

(4) Exchange Compliance with the Plan. Exchange systems will not display, quote or trade in violation of the applicable quoting and trading requirements for a Pilot Security specified in the Plan and this Rule, unless such quotation or transaction is specifically exempted under the Plan.

(5) Pilot Securities That Drop Below \$1.00 during the Pilot Period. If the price of a Pilot Security drops below \$1.00 during regular trading on any given business day, such Pilot Security will continue to be subject to the Plan and the requirements enumerated in (c)-(e) below and will continue to trade in accordance with such Rules as if the price of the Pilot Security had not dropped below \$1.00. However, if the Closing Price of a Pilot Security on any given business day is below \$1.00, such Pilot Security will be moved out of its respective Pilot Test Group into the Control Group, and may then be quoted and traded at any price increment that is currently permitted by Exchange rules for the remainder of the Pilot Period. Notwithstanding anything contained herein to the contrary, at all times during the Pilot Period, Pilot Securities (whether in the Control Group or any Pilot Test Group) will continue to be subject to the requirements contained in Paragraph (b).

(b) Reserved.

(c) Pilot Securities in Test Group One will be subject to the following requirement: No member organization may display, rank, or accept from any person any displayable or non-displayable bids or offers, orders, or indications of interest in increments other than \$0.05. However, orders priced to trade at the midpoint of the national best bid and national best offer (“NBBO”) or best protected bid and best protected offer (“PBBO”) and orders entered in the Exchange’s Retail Liquidity Program as Retail Price Improvement Orders (as defined in Rule 107C) may be ranked and accepted in increments of less than \$0.05. Pilot Securities in Test Group One may continue to trade at any price increment that is currently permitted by Rule 62.10.

(d) Pilot Securities in Test Group Two shall be subject to the following requirements:

(1) No member organization may display, rank, or accept from any person any displayable or non-displayable bids or offers, orders, or indications of interest in increments other than \$0.05. However, orders priced to trade at the midpoint of the NBBO or PBBO and orders entered in the Exchange's Retail Liquidity Program as Retail Price Improvement Orders (as defined in Rule 107C) may be ranked and accepted in increments of less than \$0.05.

(2) Absent any of the exceptions listed in (3) below, no member organization may execute orders in any Pilot Security in Test Group Two in price increments other than \$0.05. The \$0.05 trading increment will apply to all trades, including Brokered Cross Trades.

(3) Pilot Securities in Test Group Two may trade in increments less than \$0.05 under the following circumstances:

(A) Trading may occur at the midpoint between the NBBO or the PBBO;

(B) Retail Investor Orders may be provided with price improvement that is at least \$0.005 better than the PBBO;

(C) Negotiated Trades may trade in increments less than \$0.05; and

(D) Execution of a customer order to comply with Rule 5320 following the execution of a proprietary trade by the member organization at an increment other than \$0.05, where such proprietary trade was permissible pursuant to an exception under the Plan.

(e) Pilot Securities in Test Group Three shall be subject to the following requirements:

(1) No member organization may display, rank, or accept from any person any displayable or non-displayable bids or offers, orders, or indications of interest in increments other than \$0.05. However, orders priced to trade at the midpoint of the NBBO or PBBO and orders entered in the Exchange's Retail Liquidity Program as Retail Price Improvement Orders (as defined in Rule 107C) may be ranked and accepted in increments of less than \$0.05.

(2) Absent any of the exceptions listed in (3) below, no member organization may execute orders in any Pilot Security in Test Group Three in price increments other than \$0.05. The \$0.05 trading increment will apply to all trades, including Brokered Cross Trades.

(3) Pilot Securities in Test Group Three may trade in increments less than \$0.05 under the following circumstances:

(A) Trading may occur at the midpoint between the NBBO or PBBO;

(B) Retail Investor Orders may be provided with price improvement that is at least \$0.005 better than the Best Protected Bid or the Best Protected Offer;

(C) Negotiated Trades may trade in increments less than \$0.05; and

(D) Execution of a customer order to comply with Rule 5320 following the execution of a proprietary trade by the member organization at an increment other than \$0.05, where such proprietary trade was permissible pursuant to an exception under the Plan.

(4) Pilot Securities in Test Group Three will be subject to the following Trade-at Prohibition:

(A) “Trade-at Prohibition” means the prohibition against executions by a Trading Center of a sell order for a Pilot Security at the price of a Protected Bid or the execution of a buy order for a Pilot Security at the price of a Protected Offer during regular trading hours.

(B) Absent any of the exceptions listed in (C) below, no member organization may execute a sell order for a Pilot Security in Test Group Three at the price of a Protected Bid or execute a buy order for a Pilot Security in Test Group Three at the price of a Protected Offer.

(C) Member organizations may execute a sell order for a Pilot Security in Test Group Three at the price of a Protected Bid or execute a buy order for a Pilot Security in Test Group Three at the price of a Protected Offer if any of the following circumstances exist:

- (i) The order is executed as agent or riskless principal by an independent trading unit, as defined under Rule 200(f) of Regulation SHO, of a Trading Center within a member organization that has a displayed quotation as agent or riskless principal, via either a processor or an SRO Quotation Feed, at a price equal to the traded-at Protected Quotation, that was displayed before the order was received, but only up to the full displayed size of that independent trading unit’s previously displayed quote;
- (ii) The order is executed by an independent trading unit, as defined under Rule 200(f) of Regulation SHO, of a Trading Center within a member organization that has a displayed quotation for the account of that Trading Center on a principal (excluding riskless principal) basis, via either a processor or an SRO Quotation Feed, at a price equal to the traded-at Protected Quotation, that was displayed before the order was received, but only up to the full displayed size of that independent trading unit’s previously displayed quote;
- (iii) The order is of Block Size at the time of origin and may not be:
  - A. an aggregation of non-block orders;
  - B. broken into orders smaller than Block Size prior to submitting the order to a Trading Center for execution; or
  - C. executed on multiple Trading Centers;

- (iv) The order is a Retail Investor Order executed with at least \$0.005 price improvement;
- (v) The order is executed when the Trading Center displaying the Protected Quotation that was traded at was experiencing a failure, material delay, or malfunction of its systems or equipment;
- (vi) The order is executed as part of a transaction that was not a "regular way" contract;
- (vii) The order is executed as part of a single-priced opening, reopening, or closing transaction on the Exchange;
- (viii) The order is executed when a Protected Bid was priced higher than a Protected Offer in the Pilot Security;
- (ix) The order is identified as a Trade-at Intermarket Sweep Order;
- (x) The order is executed by a Trading Center that simultaneously routed Trade-at Intermarket Sweep Orders to execute against the full displayed size of the Protected Quotation that was traded at;
- (xi) The order is executed as part of a Negotiated Trade;
- (xii) The order is executed when the Trading Center displaying the Protected Quotation that was traded at had displayed, within one second prior to execution of the transaction that constituted the Trade-at, a Best Protected Bid or Best Protected Offer, as applicable, for the Pilot Security with a price that was inferior to the price of the Trade-at transaction;
- (xiii) The order is executed by a Trading Center which, at the time of order receipt, the Trading Center had guaranteed an execution at no worse than a specified price (a "stopped order"), where:
  - A. The stopped order was for the account of a customer;
  - B. The customer agreed to the specified price on an order-by-order basis; and
  - C. The price of the Trade-at transaction was, for a stopped buy order, equal to or less than the National Best Bid in the Pilot Security at the time of execution or, for a stopped sell order, equal to or greater than the National Best Offer in the Pilot Security at the time of execution, as long as such order is priced at an acceptable increment;



- (xiv) The order is for a fractional share of a Pilot Security, provided that such fractional share order was not the result of breaking an order for one or more whole shares of a Pilot Security into orders for fractional shares or was not otherwise effected to evade the requirements of the Trade-at Prohibition or any other provisions of the Plan; or
- (xv) The order is to correct a bona fide error, which is recorded by the Trading Center in its error account. A bond fide error is defined as:
  - A. The inaccurate conveyance or execution of any term of an order including, but not limited to, price, number of shares or other unit of trading; identification of the security; identification of the account for which securities are purchased or sold; lost or otherwise misplaced order tickets; short sales that were instead sold long or vice versa; or the execution of an order on the wrong side of a market;
  - B. The unauthorized or unintended purchase, sale, or allocation of securities, or the failure to follow specific client instructions;
  - C. The incorrect entry of data into relevant systems, including reliance on incorrect cash positions, withdrawals, or securities positions reflected in an account; or
  - D. A delay, outage, or failure of a communication system used to transmit market data prices or to facilitate the delivery or execution of an order.

(D) No member organization shall break an order into smaller orders or otherwise effect or execute an order to evade the requirements of the Trade-at Prohibition of this Rule or any other provisions of the Plan.