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VIA E-MAIL

Kevin M. O'Neill
Deputy Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C., 20549-1090

Re: Order Instituting Proceedings to Determine Whether to Approve or Disapprove a Proposed Rule Change, Securities Exchange Act Release No. 72081 (May 2, 2014), 79 FR 26474 (May 8, 2014) (SR-NYSEArca-2014-04) ("Order")

Dear Mr. O'Neill:

NYSE Arca, Inc. ("Exchange") appreciates the opportunity to submit additional data in support of the Exchange's proposed rule change that would amend Exchange rules by revising the order of priority of bids and offers when executing orders in open outcry to more closely align Exchange rules with rules and practices of other U.S. options exchange trading floors ("Proposal").¹ This comment letter supplements both the original Proposal and the comment letter the Exchange submitted on April 4, 2014.²

In the Order, the Securities and Exchange Commission ("Commission") requested additional data and arguments to support whether the Exchange's proposed revisions to its rules regarding the order of priority in open outcry are consistent with Section 6(b)(6) of the Securities Exchange Act of 1934 (the "Act").³ More specifically, the Commission asked whether there is any data supporting the argument that the Proposal would create a more robust open outcry market and benefit investors who choose to send orders to the Exchange.

As noted in the Proposal, the Exchange believes that the Proposal would encourage participants to send more liquidity to Floor Brokers, which would result in an incentive for Crowd Participants, including Floor-based Market Makers, to participate in open outcry transactions. The Exchange believes that comparing data relating to non-Customer-to-Customer Floor crossing transactions on the Exchange with similar data on NYSE Amex Options, the Exchange's affiliated options market

¹ See Securities Exchange Act Release No. 71425 (Jan 28, 2014), 79 FR 6258 (Feb. 3, 2014) (SR-NYSEArca-2014-04).

² See Letter from Martha Redding, Chief Counsel, NYSE Euronext, to Secretary, Securities and Exchange Commission, dated April 4, 2014.

³ The Commission further extended its time to act on the Order until October 1, 2014. See Securities Exchange Act Release No. 72703 (July 29, 2014), 79 FR 45535 (Aug. 5, 2014) (SR-NYSEArca-2014-04).

that provides priority to Floor participants over non-Customers in the electronic book, bears this out:

NYSE Arca Options Floor Crossing Transactions*	Jan 1, 2013 - May 31, 2014
Crossing Transactions without Floor MM or Book Participation	
Percent of Total Crossing Contracts Executed:	65.5%
Crossing Transactions with Floor MM and/or Book Participation	
Percent of Total Crossing Contracts Executed:	34.5%

* Excluding Customer to Customer Crosses from the section 'Crossing Transactions without Floor MM or Book Participation'

NYSE AMEX Options Floor Crossing Transactions*	Jan 1, 2013 - May 31, 2014
Crossing Transactions without Floor MM or Book Participation*	
Percent of Total Crossing Contracts Executed:	46.6%
Crossing Transactions with Floor MM and/or Book Participation	
Percent of Total Crossing Contracts Executed:	53.4%

* Excluding Customer to Customer Crosses from the section 'Crossing Transactions without Floor MM or Book Participation'

As illustrated by the data above, non-Customer-to-Customer Floor crossing transactions on the Exchange have a lower rate of Floor market maker or book participation as compared to similar Floor crossing transactions on NYSE Amex Options. The Exchange believes this may be due, in part, to the fact that Floor participants are more likely to have certainty of execution on NYSE Amex Options, and therefore are more willing to participate in Floor crossing transactions. The Exchange further believes that if the Exchange were to have rules that afford priority to Floor participants over certain non-Customer interest in the electronic book, similar to all other options exchange trading floors, the Exchange would see an increase in Floor market maker participation in Floor crossing transactions. The Exchange therefore believes that the Proposal promotes just and equitable principles of trade and removes impediments to and perfects the mechanism of a free and open market because a more robust open outcry market on the Exchange could lead to more price improvement opportunities for Floor crossing transactions, thereby benefiting investors and the public interest.

In addition to the above data supporting the Proposal, the Exchange again notes that its proposed rule change is not a novel proposal. The Commission has previously found consistent with the Act other Floor-based options exchanges' proposals to afford priority to Crowd Participants over non-Customers in the electronic book. For example, NYSE MKT Rule 963NY provides priority to a Customer order displayed in the book at the same price as the best price in the crowd. Bids and offer of broker-dealers (including orders of Market Makers displayed on the book) have priority only

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after all trading crowd interest is exhausted.⁴ In approving this NYSE MKT rule, the Commission noted that "the proposed rules governing open-outcry trading on the [NYSE Alternext US LLC] floor are similar to those at other exchanges with trading floors, and the Commission finds that they are consistent with the Act."⁵ Because the Exchange seeks to adopt open outcry priority rules similar to those that the Commission already found consistent with the Act, the Exchange believes that Exchange's Proposal is similarly consistent with the Act.

Accordingly, the Exchange respectfully requests the Commission approve the Proposal.

Sincerely,

A handwritten signature in black ink, appearing to be "K. O'Neil", written in a cursive style.

⁴ See, e.g., Chicago Board Options Exchange Inc. Rule 6.45A(b) and Nasdaq OMX PHLX LLC Rule 1064 Commentary .02(vii).

⁵ Securities Exchange Act Release No. 59472 (Feb. 27, 2009), 74 FR 9843 at 9848 (Feb. 27, 2009) (SR-NYSEALTR-2008-14).

