



**Martha Redding**  
Associate General Counsel  
Assistant Secretary

New York Stock Exchange  
11 Wall Street  
New York, NY 10005

April 24, 2017

**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. 34-79993 (SR-NYSEMKT-2017-01)

Dear Mr. Fields:

NYSE MKT, LLC. filed the attached Partial Amendment No. 1 to the above-referenced filing on April 24, 2017.

Sincerely,

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

Encl. (Partial Amendment No. 1 to SR-NYSEMKT-2017-01)

Required fields are shown with yellow backgrounds and asterisks.

Filing by NYSE MKT LLC.  
 Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

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

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010 Section 806(e)(1) <input type="checkbox"/> Section 806(e)(2) <input type="checkbox"/>	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 Section 3C(b)(2) <input type="checkbox"/>
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Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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**Description**  
 Provide a brief description of the action (limit 250 characters, required when Initial is checked \*).  
 Proposes new rules to transition trading on the Exchange to Pillar

**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 \* Clare Last Name \* Saperstein  
 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 04/24/2017 Senior Counsel  
 By David De Gregorio  
 (Name \*)  
 David DeGregorio,  
 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 \***

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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 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-NYSEMKT-2017-01, Partial Amendment No. 1

NYSE MKT LLC (“NYSE MKT” or the “Exchange”) hereby submits this Partial Amendment No. 1 to the above-referenced filing (“Filing”) in connection with the proposed rule change to adopt new rules to transition the Exchange to its new trading technology platform and to operate as a fully-automated cash equities market. The Exchange proposes the following amendments to the filing:

**1. Amendments to proposed Rule 7.35E**

*a. Amend proposed Rule 7.35E(a)(10)(A) on page 165 of the Exhibit 5.*

The Exchange proposes to amend proposed Rule 7.35E(a)(10)(A) as follows (new text double underlined; deleted text in strikethrough):

(10) "Auction Collar" means the price collar thresholds for the Indicative Match Price for the Core Open Auction, Trading Halt Auction, or Closing Auction.

(A) The Auction Collar will be based on a price that is a specified percentage the greater of \$0.50 or 10% away from the Auction Reference Price for the applicable auction.\* The upper (lower) boundary of the Auction Collar is the Auction Reference Price increased (decreased) by either \$0.50 or 10%, as applicable, the specified percentage, truncated to the MPV. The specified percentages for price collar thresholds are:

<u>Auction Reference Price</u>	<u>Core Open Auction** and Trading Halt Auction*</u>	<u>Closing Auction</u>
<u>\$25.00 or less</u>	<u>10%</u>	<u>5%</u>
<u>Greater than \$25.00 but less than or equal to \$50.00</u>	<u>5%</u>	<u>2%</u>
<u>Greater than \$50.00</u>	<u>3%</u>	<u>1%</u>

\*The price collar thresholds specified in this paragraph applicable to Trading Halt Auctions are in effect until SR-NYSEArca-2016-130 has been approved and a proposed rule change based on SR-NYSEArca-2016-130 for the Exchange is effective and operative.

\*\* If as of 9:00 a.m. Eastern Time, the E-mini S&P 500 Futures are +/- 2% from the prior day's closing price of the E-mini S&P 500 Futures, or if the Exchange determines that it is necessary or appropriate for the maintenance of a fair and orderly market, the Auction Collar for the Core Open Auction will be 10%, regardless of the Auction Reference Price.

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***b. Amend proposed Rule 7.35E(d)(2) on page 167 of the Exhibit 5.***

The Exchange proposes to amend proposed Rule 7.35E(d)(2) as follows (new text double underlined; deleted text in strikethrough):

(d) Closing Auction. The Closing Auction will be conducted at the end of the Core Trading Session. Orders in Auction-Eligible Securities that include a designation for the Core Trading Session and that are eligible to participate in an auction will be eligible to participate in the Closing Auction.

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(2) The Closing Auction Imbalance Freeze will begin ~~one-ten~~ minutes before the scheduled time for the Closing Auction. Order entry and cancellation will be processed during the Closing Auction Imbalance Freeze as follows:

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***c. Amend proposed Rule 7.35E(f)(2) on page 168 of the Exhibit 5.***

The Exchange proposes to amend proposed Rule 7.35E(f)(2) as follows (new text double underlined; deleted text in strike-through):

(f) IPO Auction. An IPO Auction will be conducted during the Core Trading Session on the first day of trading for any security, including an Exchange Traded Product, for which the Exchange is the primary listing market, excluding transfers. An IPO Auction will follow the processing rules of a Core Open Auction, provided that:

(1) The Exchange will specify the time that an IPO Auction will be conducted.

(2) There will be no Auction Imbalance Freeze, Auction Collars, or restrictions on the ~~entry or~~ cancellation of orders for an IPO Auction. Limit Orders designated IOC, Limit Non-Displayed Orders, MPL Orders, Tracking Orders, Market Pegged Orders, Discretionary Pegged Orders, and Cross Orders will be rejected until after the Auction Processing Period for the IPO Auction has concluded.

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***d. Amend proposed Rule 7.35E(h)(3)(A) and (B) on pages 169-70 of the Exhibit 5.***

The Exchange proposes to amend proposed Rule 7.35E(h)(3)(A) and (B) as follows (new text double underlined; deleted text in strike-through):

(3) When transitioning to continuous trading from a prior trading session or following an auction, orders will be processed as follows:

(A) A quote will be published based on unexecuted orders that were eligible to trade in the trading sessions both before and after the transition or auction, i.e., previously-live orders. For the Core Open Auction, Trading Halt Auction, and Closing Auction, “previously-live orders” are unexecuted orders that were eligible to trade in the trading session both before and after the transition or auction. For the IPO Auction, “previously-live orders” are unexecuted orders that were entered before the IPO Auction Processing Period began.

(i) Before publishing a quote when transitioning from a prior trading session or following the ~~Early Open Auction~~, Core Open Auction, or Closing Auction: (1) previously-live orders that are marketable will be traded, routed, or cancelled in time sequence; (2) a new quote will be published only if different from the last-published quote; and (3) if the new published quote is worse than the previously-published quote and would lock or cross the PBBO, the display price of Limit Orders will be adjusted consistent with Rule 7.31E(a)(2)(C).

(ii) Before publishing a quote following a Trading Halt Auction or IPO Auction: (1) previously-live Limit Orders that are designated with a Proactive if Locked/Crossed Modifier or that would be the result of reserve interest replenishing the fully-executed display quantity of a routable Reserve Order will route, if marketable against protected quotations on Away Markets; (2) for the Trading Halt Auction only, previously-live orders that are marketable against other orders in the Exchange Book and that would not trade through a protected quotation will trade; and (3) the display price of all other orders that are marketable against a protected quotation on an Away Market will be adjusted consistent with Rule 7.31E(a)(2)(C).

(B) Next, unexecuted orders that (1) were not eligible to trade in the prior trading session, ~~(2) for a Trading Halt Auction, were received during a halt or pause~~, (3) for the Early Open Auction, were received before the Early Open Auction Processing Period, or (4) that were received during the Auction Processing Period, will be assigned a new working time at the end of the Auction Processing Period in time sequence relative to one another based on original entry time and will be processed in time sequence. Following an IPO Auction, previously-live orders that did not trade in the auction will retain the working time assigned at original entry time.

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***e. Amend the last bulleted paragraph on page 21 of the Filing that carries over to page 22 of the Filing (last bulleted paragraph on page 72 of the Exhibit 1 that carries over to page 73 of the Exhibit 1).***

To reflect the amendments to proposed Rules 7.35E(a)(8)(A), (a)(10)(A), and (d)(2) described above, the Exchange proposes to amend the last bulleted paragraph on page 21 of the Filing that carries over to page 22 of the Filing (last bulleted paragraph on page 72 of the Exhibit 1 that carries over to page 73 of the Exhibit 1) as follows (new text

underlined, deleted text bracketed). The amendments to proposed Rules 7.35(f)(2) and (h)(3)(A) and (B) described above are based on recent changes to the rules of NYSE Arca Equities, Inc. (“NYSE Arca Equities”)<sup>1</sup> and therefore would not require any changes to the last bulleted paragraph on page 21 of the Filing that carries over to page 22 of the Filing (last bulleted paragraph on page 72 of the Exhibit 1 that carries over to page 73 of the Exhibit 1):

- Proposed Rule 7.35E (Auctions) would establish requirements for auctions on the Exchange. Because the Exchange proposes to automate all auctions and not have a DMM facilitate such auctions, the proposed rule is based on NYSE Arca Equities Rule 7.35 with specified substantive differences[without any substantive differences]. Because the securities listed on the Exchange are operating companies, rather than Exchange Traded Products whose prices are based in part on the prices of other securities, the Exchange believes that the auction collar thresholds for the Exchange should be wider than auction collars specified in NYSE Arca Equities Rule 7.35(a)(10)(A), which are applicable to NYSE Arca-listed securities that are Exchange Traded Products. The Exchange proposes that the applicable Auction Collar specified in proposed Rule 7.35E(a)(10)(A) for the Core Open Auction, Trading Halt Auction, and Closing Auction would be based on a price that would be the greater of \$0.50 or ten percent away from the Auction Reference Price (truncated to the minimum price variation for the security) for the applicable auction. This proposed auction collar threshold is based on the threshold used by Nasdaq for its opening and closing crosses.<sup>\*</sup> The Exchange proposes that [paragraph (a)(10)(A), regarding] Auction Collars for Trading Halt Auctions[, which is based on a pilot rule of NYSE Arca Equities,] would be in effect until [SR-NYSEArca-2016-130 has been approved and] a proposed rule change based on SR-NYSEArca-2016-130 for the Exchange is effective and operative.<sup>23/24</sup> The Exchange also proposes a substantive difference for proposed Rule 7.35E(d)(2) to provide that the Closing Auction Imbalance Freeze would begin ten minutes before the scheduled time for the closing auction instead of one minute before the scheduled time for the closing auction. The Exchange believes that a ten-minute period, which is based on the Nasdaq time frame for entry and cancellation of orders designated for the closing cross,<sup>\*\*</sup> is more appropriate for Exchange-listed securities, which are operating companies and not priced based in part on prices of other securities.

Because proposed Rule 7.35E would govern all auctions, including

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<sup>1</sup> See SR-NYSEArca-2017-47.

the Early Open Auction, Core Open Auction, Trading Halt Auction, IPO Auction, and Closing Auction, the Exchange proposes that the following rules, which govern auctions on the Exchange, would not be applicable to trading on the Pillar trading platform: Rule 15 – Equities (governing pre-opening indications and Opening Order Imbalance Information), Rule 115A – Equities (governing the opening process), Supplementary Material .40 to Rule 116 – Equities (governing pair off of MOC and LOC orders at the close),<sup>24/25</sup> Rule 123C – Equities (governing the closing process), and Rule 123D – Equities (governing the opening and trading halts).

<sup>23/24</sup> See Securities Exchange Act Release No. 79846 (January 19, 2017), 82 FR 8548 (January 26, 2017) (SR-NYSEArca-2016-130) (Approval Order); see also Securities Exchange Act Release No. 79705 (December 29, 2016), 82 FR 1419 (January 5, 2017) (SR-NYSEArca-2016-169) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change).

<sup>\*</sup> See The Nasdaq Opening and Closing Crosses Frequently Asked Questions, available here:  
[https://www.nasdaqtrader.com/content/ProductsServices/Trading/Crosses/openclose\\_faqs.pdf](https://www.nasdaqtrader.com/content/ProductsServices/Trading/Crosses/openclose_faqs.pdf).

<sup>\*\*</sup> See Nasdaq Rules 4702(b)(11) and (12).

<sup>24/25</sup> As described below, because the Exchange would not have Floor-based DMMs or trading, the remainder of Rule 116 – Equities would not be applicable to trading on the Pillar trading platform.

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***f. Amend the second full paragraph in the Statutory Basis section on page 38 of the Filing (second full paragraph on page 98 of the Exhibit 1).***

To reflect the amendments to proposed Rules 7.35E(a)(8)(A), (a)(10)(A), and (d)(2) described above, the Exchange proposes to amend the second full paragraph in the Statutory Basis section as follows (new text underlined):

The Exchange believes that proposed Rule 7E would remove impediments to and perfect the mechanism of a free and open market and a national market system because it would establish rules that would govern trading on the Exchange, including post-trade requirements, that would establish the Exchange as a fully automated trading market with a price-time priority trading model. The proposed rules are based on the rules of NYSE Arca Equities, and include rules governing orders and modifiers, ranking and display, execution and routing, trading sessions, and auctions. The Exchange believes that the proposed substantive difference that its proposed Early Trading Session would begin at 7:00 a.m. Eastern Time, rather



than 4:00 a.m. Eastern Time, would remove impediments to and perfect the mechanism of a free and open market and a national market system because it would provide transparency of the trading hours of the Exchange when it begins trading on the Pillar trading platform. The Exchange further believes that the proposed substantive differences to proposed Rule 7.35E would remove impediments to and perfect the mechanism of a free and open market and a national market system because the proposed auction collar thresholds and Closing Auction Imbalance Freeze period, which are based on how the Nasdaq opening and closing crosses function, would be more appropriate for the type of securities that list on the Exchange as compared to the Exchange Traded Products that are listed on NYSE Arca.

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**2. Amend proposed Rules 7.31E(h)(3)(A) and 7.34E(c)(1)(A) on pages 154 and 159 of the Exhibit 5.**

To reflect recent changes to NYSE Arca Equities Rules 7.31(h)(3)(A) and 7.34(c)(1)(A),<sup>2</sup> the Exchange proposes to amend proposed Rules 7.31E(h)(3)(A) and 7.34E(c)(1)(A) as follows (new text double underlined, deleted text in strike-through):

**Rule 7.31E. [~~Reserved~~]Orders and Modifiers**

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(h) Pegged Orders. A Limit Order that does not route with a working price that is pegged to a dynamic reference price. If the designated reference price is higher (lower) than the limit price of a Pegged Order to buy (sell), the working price will be the limit price of the order.

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(3) Discretionary Pegged Order. A Pegged Order to buy (sell) that upon entry to the Exchange is assigned a working price equal to the lower (higher) of the midpoint of the PBBO ("Midpoint Price") or the limit price of the order. Any untraded shares of such order are assigned a working price equal to the lower (higher) of PBB (PBO) or the order's limit price and is automatically adjusted in response to changes to the PBB (PBO) for buy (sell) orders up (down) to the order's limit price. In order to trade with contra-side orders on the Exchange Book, a Discretionary Pegged Order to buy (sell) will exercise the least amount of price discretion necessary from its working price to its discretionary price (defined as the lower (higher) of the

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<sup>2</sup> See id. These proposed changes would not require any other changes to the Filing.

Midpoint Price or the Discretionary Pegged Order's limit price), except during periods of quote instability, as defined in paragraph (h)(3)(D) below.

(A) Discretionary Pegged Orders are not displayed, must be designated Day, do not participate in any auctions, and are eligible to be designated for the Core Trading Session only. Discretionary Pegged Orders that include a designation for the Early Trading Session or Late Trading Session will be rejected.

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**Rule 7.34E. [Reserved]Trading Sessions**

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*(c) Orders Permitted in Each Session.*

(1) Early Trading Session. Unless otherwise specified in paragraphs (c)(1)(A) - (E), orders and modifiers defined in Rule 7.31E that are designated for the Early Trading Session are eligible to participate in the Early Trading Session.

(A) Market Orders and Pegged Orders are not eligible to participate in the Early Trading Session. Market Orders and Pegged Orders that include a designation for the Early Trading Session will be rejected. Market Pegged Orders and Discretionary Pegged Orders, regardless of the session designated for the order, may not be entered before or during the Early Trading Session and will be rejected.

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**3. Amend Commentary .70 to proposed Rule 7.46E on page 195 of the Exhibit 5.**

To reflect recent changes to NYSE Arca Equities Rule 7.46,<sup>3</sup> the Exchange proposes to amend Commentary .70 to proposed Rule 7.46E as follows (new text double underlined, deleted text in strike-through):

**Rule 7.46E. [Reserved]Tick Size Pilot Plan**

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<sup>3</sup> See Securities Exchange Act Release No. 80175 (March 8, 2017), 82 FR 13688 (March 14, 2017) (SR-NYSEArca-2017-19). These proposed changes would not require any other changes to the Filing.

.70 A Trading Center shall begin the data collection required pursuant to Appendix B.I.a(1) through B.II.(y) of the Plan and Item I of Appendix C of the Plan on April 4, 2016. The requirement that the Exchange or their DEA provide information to the SEC within 30 days following month end and make certain data publicly available on the Exchange's or DEA's web site pursuant to Appendix B and C of the Plan shall commence at the beginning of the Pilot Period. Notwithstanding the provisions of paragraphs (b)(2), (b)(3)(C) and (b)(5) of this Rule, ~~With respect to data for the Pre-Pilot Period and Pilot Period, the requirement that the Exchange or their DEA make certain Appendix B data publicly available on the Exchange's or DEA's website pursuant to Appendix B and C to the Plan shall commence on April 28, 2017 at the beginning of the Pilot Period.~~ Notwithstanding the provisions of paragraphs (b)(4) ~~(b)(2), (b)(3)(C) and (b)(5)~~ of this Rule, the Exchange or their DEA shall make Appendix C data for the Pre-Pilot Period through January 2017 publicly available on the Exchange's or DEA's website ~~pursuant to Appendix B and C to the Plan~~ by February 28, 2017.

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**4. Amend the third full paragraph on page 6 of the Filing (first full paragraph on page 47 of the Exhibit 1).**

The Exchange proposes to amend the third full paragraph on page 6 of the Filing (first full paragraph on page 47 of the Exhibit 1) as follows (new text underlined, deleted text bracketed):

Subject to rule approvals, the Exchange will announce the transition of its cash equities trading to the Pillar trading system by Trader Update, which the Exchange anticipates will be in the [second] third quarter of 2017.

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All other representations in the Filing remain as stated therein and no other changes are being made.