

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-80549; File No. 4-631)

April 28, 2017

Joint Industry Plan; Notice of Filing and Immediate Effectiveness of the Fourteenth Amendment to the National Market System Plan to Address Extraordinary Market Volatility by Bats BZX Exchange, Inc., Bats BYX Exchange, Inc., Bats EDGA Exchange, Inc., Bats EDGX Exchange, Inc., Chicago Stock Exchange, Inc., Financial Industry Regulatory Authority, Inc., Investors Exchange LLC, NASDAQ BX, Inc., NASDAQ PHLX LLC, The Nasdaq Stock Market LLC, NYSE National, Inc., New York Stock Exchange LLC, NYSE MKT LLC, and NYSE Arca, Inc.

I. Introduction

On April 13, 2017, NYSE Group, Inc., on behalf of the following parties to the National Market System Plan to Address Extraordinary Market Volatility (“the Plan”):<sup>1</sup> Bats BZX Exchange,

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<sup>1</sup> On May 31, 2012, the Commission approved the Plan, as modified by Amendment No. 1. See Securities Exchange Act Release No. 67091, 77 FR 33498 (June 6, 2012) (File No. 4-631). On February 20, 2013, the Commission noticed for immediate effectiveness the Second Amendment to the Plan. See Securities Exchange Act Release No. 68953, 78 FR 13113 (February 26, 2013). On April 3, 2013, the Commission approved the Third Amendment to the Plan. See Securities Exchange Act Release No. 69287, 78 FR 21483 (April 10, 2013). On August 27, 2013, the Commission noticed for immediate effectiveness the Fourth Amendment to the Plan. See Securities Exchange Act Release No. 70273, 78 FR 54321 (September 3, 2013). On September 26, 2013, the Commission approved the Fifth Amendment to the Plan. See Securities Exchange Act Release No. 70530, 78 FR 60937 (October 2, 2013). On January 7, 2014, the Commission noticed for immediate effectiveness the Sixth Amendment to the Plan. See Securities Exchange Act Release No. 71247, 79 FR 2204 (January 13, 2014). On April 3, 2014, the Commission approved the Seventh Amendment to the Plan. See Securities Exchange Act Release No. 71851, 79 FR 19687 (April 9, 2014). On February 19, 2015, the Commission approved the Eight Amendment to the Plan. See Securities Exchange Act Release No. 74323, 80 FR 10169 (February 25, 2015). On October 22, 2015, the Commission approved the Ninth Amendment to the Plan. See Securities Exchange Act Release No. 76244, 80 FR 66099 (October 28, 2015). On April 21, 2016, the Commission approved the Tenth Amendment to the Plan. See Securities Exchange Act Release No. 77679, 81 FR 24908 (April 27, 2016). On August 26, 2016, the Commission noticed for immediate effectiveness the Eleventh Amendment to the Plan. See Securities Exchange Act Release No. 78703, 81 FR 60397 (September 1, 2016). On January 19, 2017, the Commission approved the Twelfth Amendment to the Plan. See Securities Exchange Act Release No. 79845, 82 FR 8551 (January 26, 2017). On April 13, 2017, the Commission approved the Thirteenth Amendment to the Plan. See Securities Exchange Act Release No. 80455, 82 FR 18519 (April 19, 2017).

Inc., Bats BYX Exchange, Inc., Bats EDGA Exchange, Inc., Bats EDGX Exchange, Inc., Chicago Stock Exchange, Inc., the Financial Industry Regulatory Authority, Inc. (“FINRA”), Investors Exchange LLC, NASDAQ BX, Inc., NASDAQ PHLX LLC, The NASDAQ Stock Market LLC (“Nasdaq”), New York Stock Exchange LLC (“NYSE”), NYSE Arca, Inc., NYSE MKT LLC, and NYSE National Inc. (collectively, the “Participants”) filed with the Securities and Exchange Commission (“Commission”) pursuant to Section 11A(a)(3) of the Securities Exchange Act of 1934 (“Exchange Act”)<sup>2</sup> and Rule 608 thereunder,<sup>3</sup> a proposal to amend the Plan (“Fourteenth Amendment”).<sup>4</sup> The proposal reflects changes unanimously approved by the Participants. The Fourteenth Amendment proposes to change the implementation date for the twelfth amendment to the Plan (“Twelfth Amendment”), as discussed below. The proposed change does not alter the text of the Plan. The Participants are filing the Fourteenth Amendment for immediate effectiveness pursuant to Rule 608(b)(3)(iii) of Regulation NMS (“Rule 608”) under the Exchange Act.<sup>5</sup> The Commission is publishing this notice to solicit comments from interested persons.<sup>6</sup>

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<sup>2</sup> 15 U.S.C 78k-1(a)(3).

<sup>3</sup> 17 CFR 242.608.

<sup>4</sup> See Letter from Elizabeth King, General Counsel and Corporate Secretary, NYSE, to Brent Fields, Secretary, Commission, dated April 12, 2017 (“Transmittal Letter”).

<sup>5</sup> 17 CFR 242.608.

<sup>6</sup> Id.

## II. Description of the Plan

Set forth in this Section II is the statement of the purpose and summary of the Fourteenth Amendment, along with the information required by Rule 608(a)(4) and (5) under the Exchange Act,<sup>7</sup> substantially prepared and submitted by the Participants to the Commission.<sup>8</sup>

### A. Statement of Purpose and Summary of the Plan Amendment

The Participants filed the Plan on April 5, 2011, to create a market-wide limit up-limit down mechanism intended to address extraordinary market volatility in NMS Stocks, as defined in Rule 600(b)(47) of Regulation NMS under the Exchange Act. The Plan sets forth procedures that provide for market-wide limit up-limit down requirements that would prevent trades in individual NMS Stocks from occurring outside of the specified price bands. These limit up-limit down requirements are coupled with Trading Pauses<sup>9</sup>, as defined in Section I(Y) of the Plan, to accommodate more fundamental price moves. In particular, the Participants adopted this Plan to address the type of sudden price movements that the market experienced on the afternoon of May 6, 2010.

As set forth in more detail in the Plan, all trading centers in NMS Stocks, including both those operated by Participants and those operated by members of Participants, shall establish, maintain, and enforce written policies and procedures that are reasonably designed to comply with the limit up-limit down requirements specified in the Plan. More specifically, the single plan processor responsible for consolidation of information for an NMS Stock pursuant to Rule 603(b) of Regulation NMS under the Exchange Act will be responsible for calculating and disseminating a

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<sup>7</sup> See 17 CFR 242.608(a)(4) and (a)(5).

<sup>8</sup> See Transmittal Letter, supra note 4.

<sup>9</sup> Unless otherwise specified, the terms used herein have the same meaning as set forth in the Plan.

lower price band and upper price band, as provided for in Section V of the Plan. Section VI of the Plan sets forth the limit up-limit down requirements of the Plan, and in particular, that all trading centers in NMS Stocks, including both those operated by Participants and those operated by members of Participants, shall establish, maintain, and enforce written policies and procedures that are reasonably designed to prevent trades at prices that are below the lower price band or above the upper price band for an NMS Stock, consistent with the Plan.

The changes approved by the Commission in the Twelfth Amendment provide that a Trading Pause will continue until the Primary Listing Exchange has reopened trading using its established reopening procedures, and to require that trading centers not resume trading in an NMS Stock following a Trading Pause without Price Bands for such NMS Stock. In the Statement of Purpose filed with the Twelfth Amendment, the Participants stated that the changes described in the Twelfth Amendment would be implemented no later than six months after approval of that amendment. Based on the date of the approval order of the Twelfth Amendment, the Twelfth Amendment must be implemented no later than July 19, 2017. Because the SIP technology changes necessary to implement the Twelfth Amendment will not be ready by July 19, 2017, the Participants are filing this proposal to change the implementation date for the changes to the Plan set forth in the Twelfth Amendment to September 30, 2017.

In addition, the Primary Listing Exchanges will not be ready to implement the changes to their automated reopening processes following a Trading Pause, which were made pursuant to exchange rule filings in conjunction with the Twelfth Amendment, by July 19, 2017. To provide for a standardized approach that would allow for extensions of a Trading Pause by the Primary Listing Exchange if equilibrium cannot be met to establish a Reopening Price within specified parameters (“automated reopening changes”), the Primary Listing Exchanges amended their rules

for automated reopenings.<sup>10</sup> The Primary Listing Exchanges anticipate implementing the automated reopening changes in the third quarter of 2017, assuming that the Processors have implemented their changes and each Primary Listing Exchange is able to implement their proposed rule changes simultaneously.<sup>11</sup>

Accordingly, both to provide time to support the technology changes for the Twelfth Amendment and to align the implementation date of the Twelfth Amendment with the implementation timeline for the automated reopening changes by the Primary Listing Exchanges, the Participants propose to change the implementation date for the changes in the Twelfth Amendment to no later than the end of the third quarter of 2017.<sup>12</sup> This proposed change does not require any changes to the text of the Plan.

The Participants believe that the proposed modification to the implementation schedule is technical and ministerial in nature because it simply extends the implementation period for the Twelfth Amendment and does not change any substantive elements of the Plan.<sup>13</sup> The Participants believe that the proposal to extend the implementation schedule is consistent with the goal of the

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<sup>10</sup> See Securities Exchange Act Release Nos. 79846 (January 19, 2017), 82 FR 8548 (January 26, 2017) (SR-NYSEArca-2016-130) (Approval Order); 79884 (January 26, 2017), 82 FR 8968 (February 1, 2017) (SR-BatsBZX-2016-61) (Approval Order); 79876 (January 25, 2017), 82 FR 8888 (January 31, 2017) (SR-Nasdaq-2016-131) (Approval Order).

<sup>11</sup> In other words, the Participants expect that both the changes pursuant to the Twelfth Amendment and the Primary Listing Exchange automated reopening changes would become operative at the same time.

<sup>12</sup> The Participants anticipate that the Twelfth Amendment changes will be implemented in August 2017. However, to align the implementation schedule with the automated reopening changes, the Participants propose to specify the same implementation time frame as the Primary Listing Exchanges have proposed for the automated reopening changes. See supra note 10.

<sup>13</sup> See, e.g., Securities Exchange Act Release Nos. 70273 (amending Section VIII.B of the Plan to establish a new implementation schedule for Phase II of the Plan) and 71247 (amending Section VIII.B of the Plan to establish a new implementation schedule for Phase II of the Plan), supra note 1.

Twelfth Amendment, which is to reduce the potential for sequential Trading Pauses in an NMS Stock by centralizing the reopening process through the Primary Listing Exchanges, because it would align the implementation schedule for the Twelfth Amendment with the implementation schedule for the automated reopening changes. The proposed amendment would therefore protect investors and the public interest and is appropriate to the maintenance of fair and orderly markets.

B. Governing or Constituent Documents

The governing documents of the Processor, as defined in Section I(P) of the Plan, will not be affected by the Plan, but once the Plan is implemented, the Processor's obligations will change, as set forth in detail in the Plan.

C. Implementation of Plan

The initial date of the Plan operations was April 8, 2013.

D. Development and Implementation Phases

The Plan was initially implemented as a one-year pilot program in two Phases, consistent with Section VIII of the Plan: Phase I of Plan implementation began on April 8, 2013 and was completed on May 3, 2013. Implementation of Phase II of the Plan began on August 5, 2013 and was completed on February 24, 2014. The tenth amendment to the Plan was implemented on July 18, 2016. Pursuant to the thirteenth amendment to the Plan, the pilot period of the Plan was extended until April 16, 2018.<sup>14</sup> Currently, the Participants must implement the Twelfth Amendment no later than July 19, 2017. Pursuant to this proposed amendment, the Participants propose to extend the time frame to implement the Twelfth Amendment to no later than the end of the third quarter of 2017.

E. Analysis of Impact on Competition

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<sup>14</sup> See Securities Exchange Act Release No. 80455 (order approving the thirteenth amendment to the Plan), supra note 1.

The proposed Plan does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act. The Participants do not believe that the proposed Plan introduces terms that are unreasonably discriminatory for the purposes of Section 11A(c)(1)(D) of the Exchange Act.

F. Written Understanding or Agreements relating to Interpretation of, or Participation in, Plan

The Participants have no written understandings or agreements relating to interpretation of the Plan. Section II(C) of the Plan sets forth how any entity registered as a national securities exchange or national securities association may become a Participant.

G. Approval of Amendment of the Plan

Each of the Plan's Participants has executed a written amended Plan.

H. Terms and Conditions of Access

Section II(C) of the Plan provides that any entity registered as a national securities exchange or national securities association under the Exchange Act may become a Participant by: (1) becoming a participant in the applicable Market Data Plans, as defined in Section I(F) of the Plan; (2) executing a copy of the Plan, as then in effect; (3) providing each then-current Participant with a copy of such executed Plan; and (4) effecting an amendment to the Plan as specified in Section III(B) of the Plan.

I. Method of Determination and Imposition, and Amount of, Fees and Charges

Not applicable.

J. Method and Frequency of Processor Evaluation

Not applicable.

K. Dispute Resolution

Section III(C) of the Plan provides that each Participant shall designate an individual to represent the Participant as a member of an Operating Committee. No later than the initial date of the Plan, the Operating Committee shall designate one member of the Operating Committee to act as the Chair of the Operating Committee. Any recommendation for an amendment to the Plan from the Operating Committee that receives an affirmative vote of at least two-thirds of the Participants, but is less than unanimous, shall be submitted to the Commission as a request for an amendment to the Plan initiated by the Commission under Rule 608.

On April 12, 2017, the Operating Committee, duly constituted and chaired by Mr. Robert Books of Bats, met and voted unanimously to amend the Plan as set forth herein in accordance with Section III(C) of the Plan. The Plan Advisory Committee was notified in connection with the Fourteenth Amendment and was in favor.

### III. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the amendment is consistent with the Exchange Act and the rules thereunder. 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 4-631 on the subject line.

#### Paper Comments:

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.



All submissions should refer to File Number 4-631. 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 website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed plan amendment that are filed with the Commission, and all written communications relating to the amendment 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 website 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 10:00 am and 3:00 pm. Copies of such filing also will be available for inspection and copying at the Participants' offices. 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 4-631 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

By the Commission.

Eduardo Aleman  
Assistant Secretary