SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-63418; File No. SR-NYSEAmex-2010-108)

December 2, 2010

Self-Regulatory Organizations; NYSE Amex LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Eliminate Market and Stop Orders in Nasdaq-Listed Securities Traded on the Exchange

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act")[1] and Rule 19b-4 thereunder,[2] notice is hereby given that on November 22, 2010, NYSE Amex LLC (the "Exchange" or "NYSE Amex") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend Rule 501 – NYSE Amex Equities to eliminate Market and Stop Orders in Nasdaq-listed securities traded on the Exchange. The text of the proposed rule change is available at the Exchange's principal office, the Commission's Public Reference Room, and www.nyse.com.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and

---

1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

C below, of the most significant parts of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of this proposed rule change is to amend Rule 501 – NYSE Amex Equities to eliminate Market and Stop Orders in Nasdaq-listed securities traded on the Exchange.

Background

Rules 500 - 525 – NYSE Amex Equities, as a pilot program, govern the trading of any Nasdaq-listed security on the Exchange pursuant to unlisted trading privileges ("UTP Pilot Program").[3] The UTP Pilot Program includes any security listed on Nasdaq that (i) is designated as an "eligible security" under the Joint Self-Regulatory Organization Plan Governing the Collection, Consolidation and Dissemination of Quotation and Transaction Information for Nasdaq-Listed Securities Traded on Exchanges on an Unlisted Trading Privilege Basis, as amended ("UTP Plan"),[4] and (ii) has been admitted to dealings on the Exchange pursuant to a

3 The UTP Pilot Program is currently scheduled to expire on the earlier of Commission approval to make such pilot permanent or January 31, 2011. See Securities Exchange Act Release No. 62857 (September 7, 2010), 75 FR 55837 (September 14, 2010) (SR-NYSEAmex-2010-89) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Extend the Pilot Program that Allows Nasdaq Stock Market Securities to be Traded on the Exchange Pursuant to UTP). See also Securities Exchange Act Release No. 62479 (July 9, 2010), 75 FR 41264 (July 15, 2010) (SR-NYSEAmex-2010-31) (Notice of Filing of Amendment Nos. 2 and 3, and Order Granting Accelerated Approval to a Proposed Rule Change, as Modified by Amendment Nos. 1, 2, and 3 Thereto, To Adopt as a Pilot Program a New Rule Series for the Trading of Securities Listed on the Nasdaq Stock Market Pursuant to Unlisted Trading Privileges) ("UTP Pilot Program Approval Order").

4 See Securities Exchange Act Release No. 58863 (October 27, 2008), 73 FR 65417 (November 3, 2008) (Notice of Filing and Immediate Effectiveness of Amendment No. 20 to the UTP Plan). The Exchange's predecessor, the American Stock Exchange LLC, joined the UTP Plan in 2001. See Securities Exchange Act Release No. 55647 (April 19, 2007), 72 FR 20891 (April 26, 2007) (S7-24-89). In March 2009, the Exchange changed

grant of unlisted trading privileges in accordance with Section 12(f) of the Securities Exchange Act of 1934, as amended (the "Act")[5] (collectively, "Nasdaq Securities").[6]

Rule 501 – NYSE Amex Equities (Definitions)

Rule 501 – NYSE Amex Equities provides certain defined terms, the meanings of which are applicable for trading in Nasdaq Securities. All other defined terms used in Rules 500 - 525 – NYSE Amex Equities have the meanings assigned to them in the NYSE Amex Equities Rules. Rule 501(e)(2) – NYSE Amex Equities lists specific order types that are not accepted for trading in Nasdaq Securities and are therefore not considered "Orders" under the UTP Pilot Program. The Exchange proposes to include "Market Orders" and "Stop Orders" within Rule 501(e)(2) – NYSE Amex Equities, therefore eliminating submission of such order types in Nasdaq Securities and likewise excluding them from the definition of Order under the UTP Pilot Program.

Market and Stop Orders in Nasdaq Securities

Currently, if the Exchange is at the National Best Bid or Offer ("NBBO"), a Market Order submitted in a Nasdaq Security will execute against available contra-side liquidity at that best price. If size remains unfilled, and another market is similarly at the NBBO, the Market Order will route for execution against the away market's protected bid or offer, in accordance with Rule 611 of Regulation NMS.[7] If size still remains unfilled after routing, the Market Order

---

its name to NYSE Amex LLC. See Securities Exchange Act Release No. 59575 (March 13, 2009), 74 FR 11803 (March 19, 2009) (SR-NYSEALTR-2009-24).

5 15 U.S.C. 78l.

6 "Nasdaq Securities" is included within the definition of "security" as that term is used in the NYSE Amex Equities Rules. See NYSE Amex Equities Rule 3. In accordance with this definition, Nasdaq Securities are admitted to dealings on the Exchange on an "issued," "when issued," or "when distributed" basis. See NYSE Amex Equities Rule 501.

7 17 CFR 242.611. A protected bid or protected offer means a quotation in an NMS stock that: (i) is displayed by an automated trading center; (ii) is disseminated pursuant to an

will return to the Exchange and execute against the depth of the Exchange's book, until it is either fully executed or available liquidity on the Exchange is depleted. The Exchange notes that, as provided under Rule 501(e)(1)(B) – NYSE Amex Equities, a Stop Order to buy (sell) becomes a Market Order, and is treated as such for purposes of execution and routing, when a transaction in the Nasdaq Security occurs on the Exchange at or above (below) the stop price after the order is received in to the Exchange's automated order routing system or is manually represented by a Floor broker in the Crowd.

Nasdaq Securities are thinly traded on the Exchange, which is not the primary listing market, and account for less than 1% of total volume in such securities across all markets. This lack of depth in liquidity combined with the manner in which Market Orders (and Stop Orders that become Market Orders) in Nasdaq Securities execute, route and re-execute at the Exchange, creates the potential for multiple rapid executions on the Exchange at increasingly inferior prices, until the Market Order (or Stop Order that becomes a Market Order) is fully executed. Submission of a large Market Order in a Nasdaq Security that results in several executions on the Exchange at increasingly inferior prices could potentially trigger individual stock volatility trading pauses,[8] raise questions of whether the execution should be busted under the Exchange's clearly erroneous rule[9] or create other potentially harmful market-wide implications.

---

effective national market system plan; and (iii) is an automated quotation that is the best bid or best offer of a national securities exchange, the best bid or best offer of The Nasdaq Stock Market, Inc., or the best bid or best offer of a national securities association other than the best bid or best offer of The Nasdaq Stock Market, Inc. 17 CFR 242.600(b)(57).

8 See Rule 80C – NYSE Amex Equities (Trading Pauses in Individual Securities Due to Extraordinary Market Volatility).

9 See Rule 128 – NYSE Amex Equities (Clearly Erroneous Executions For NYSE Amex Equities).

This is not a concern with respect to trading Exchange-Listed Securities because of the operation of Liquidity Replenishment Points ("LRPs").[10] LRPs are pre-determined price points that temporarily convert the automatic Exchange market to an auction market when it is experiencing a large price movement based on a security's typical trading characteristics or market conditions over short periods of time during the trading day. LRPs work to dampen volatility and allow the Designated Market Maker ("DMM") assigned to such security to solicit additional liquidity. However, LRPs are not applicable to trading in Nasdaq Securities, and are therefore unavailable as a means to impede or prevent these multiple rapid executions at increasingly inferior prices. The Exchange believes that the elimination proposed herein is an appropriate measure to reduce the potential for erroneous executions and individual stock volatility trading pauses in Nasdaq Securities until such time as other volatility curbs are in place.

The Exchange believes that the elimination of Market and Stop Orders in Nasdaq Securities would not hinder the ability of members and member organizations to seek execution of their orders. On average, only 113 Market Orders and 27 Stop Orders in Nasdaq Securities are submitted to the Exchange each trading day, accounting for less than 0.0060% and 0.0014%, respectively, of the Exchange's 1,971,439 average daily orders in Nasdaq Securities. Upon implementation of the proposed rule change, members and member organizations could continue to utilize several other existing order types, under Rule 13 – NYSE Amex Equities, for execution of their orders. The Exchange believes that, despite the relative infrequency in which they are submitted, the potentially harmful regulatory effects created by Market Orders (and Stop Orders

---

[10] See Rule 1000(a)(iv) – NYSE Amex Equities.

that become Market Orders) in Nasdaq Securities requires that they be eliminated on the Exchange.

Accordingly, the Exchange proposes to eliminate the ability to enter Market and Stop Orders. As proposed, an order in a Nasdaq Security would be systematically rejected if submitted as a Market or Stop Order. A member or member organization whose Market or Stop Order is rejected would be required to re-submit the order to the Exchange, if it all, as one of several permissible order types provided under Rule 13 – NYSE Amex Equities.

Rule 501(e)(1)(B) – Stop Order

The proposed inclusion of Stop Orders within Rule 501(e)(2) – NYSE Amex Equities would require that Rule 501(e)(1)(B) – NYSE Amex Equities be deleted. Rule 501(e) – NYSE Amex Equities modifies the meaning of certain order types, including Stop Orders, as these terms are defined under Rule 13 – NYSE Amex Equities. Because the Exchange proposes to no longer accept Stop Orders for trading in Nasdaq Securities, a modified definition thereof is no longer necessary or appropriate. The Exchange therefore proposes to delete Rule 501(e)(1)(B) – NYSE Amex Equities in its entirety.

The Exchange will implement the system changes to no longer accept Stop and Market Orders on or about December 6, 2010, but in no event, any later than December 13, 2010, and will notify market participants in advance when the change will be implemented.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[11] in general, and furthers the objectives of Section 6(b)(5) of the Act,[12] in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable

[11] 15 U.S.C. 78f(b).

[12] 15 U.S.C. 78f(b)(5).

principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Specifically, the changes proposed herein would contribute to improving the quality of executions in Nasdaq Securities on the Exchange and avoiding executions of Nasdaq Securities at inferior prices.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing rule does not (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act[13] and Rule 19b-4(f)(6) thereunder.[14]

The Exchange has requested that the Commission waive the 30-day operative delay so that the Exchange can eliminate market and stop orders in Nasdaq-listed securities traded on the Exchange immediately. The Exchange has represented that the elimination of market and stop

---

13 15 U.S.C. 78s(b)(3)(A).

14 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires that a self-regulatory organization submit to the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

orders in Nasdaq-listed securities should lessen the potential for multiple rapid executions on the Exchange at inferior prices as a result of the lack of depth in liquidity for Nasdaq-listed securities on the Exchange, and should therefore reduce the potential for erroneous executions and individual stock volatility trading pauses in Nasdaq-listed securities. In light of the benefits afforded by this reduced potential, the Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest.[15]

At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. 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. Please include File Number SR-NYSEAmex-2010-108 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

15 For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

All submissions should refer to File Number SR-NYSEAmex-2010-108. 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 rule change that are filed with the Commission, and all written communications relating to the proposed rule change 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 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. 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 SR-NYSEAmex-2010-108 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[16]

Florence E. Harmon
Deputy Secretary

[16] 17 CFR 200.30-3(a)(12).