Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 12	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2015 - * 86
		Amendment No. (req. for Amendments *) 1

Filing by NYSE Arca

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * ☐	Amendment * ☑	Withdrawal * ☐	Section 19(b)(2) * ☑	Section 19(b)(3)(A) * ☐	Section 19(b)(3)(B) * ☐

Rule

Pilot ☐	Extension of Time Period for Commission Action * ☐	Date Expires *	19b-4(f)(1) 回	19b-4(f)(4) 回
			19b-4(f)(2) 回	19b-4(f)(5) 回
			19b-4(f)(3) 回	19b-4(f)(6) 回

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) 回 Section 806(e)(2) 回	Section 3C(b)(2) 回

Exhibit 2 Sent As Paper Document 回   Exhibit 3 Sent As Paper Document 回

Description

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

Proposes new equity trading rules relating to auctions for 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 * Clare.Saperstein@theice.com

Telephone * (212) 656-2235	Fax (212) 656-8101

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	12/22/2015	Assistant Secretary
By	Martha Redding	

(Name *)

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.

Martha Redding, mredding@nyx.com

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

[Add] [Remove] [View]

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

[Add] [Remove] [View]

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

[Add] [Remove] [View]

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

[Add] [Remove] [View]

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

[Add] [Remove] [View]

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

[Add] [Remove] [View]

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-NYSEArca-2015-86, Partial Amendment No. 1.

NYSE Arca, Inc. ("NYSE Arca" or the "Exchange"), through its wholly-owned corporation, NYSE Arca Equities, Inc. ("NYSE Arca Equities"), hereby submits this Partial Amendment No. 1 to the above-referenced filing ("Filing") in connection with the proposed rule change to adopt new equity trading rules relating to auctions to reflect the implementation of Pillar, the Exchange's new trading technology platform. The Exchange proposes the following amendments to the filing:

1. Amend proposed Rule 7.35P(h) (page 112 of the Exhibit 5) and the beginning of page 33 through the last bulleted paragraph on page 34 of the Filing (last paragraph on page paragraph 88 through the last bulleted paragraph on page 91 of the Exhibit 1).

The Exchange proposes to amend proposed Rule 7.35P(h): (i) to provide that this rule would address how orders would be handled not only in the transition to continuous trading following an auction, but also when transitioning from one trading session to the next trading session; (ii) to provide greater specificity regarding how the display price and working price of Day ISO orders would be adjusted when transitioning to continuous trading; and (iii) to include more description in the Filing regarding proposed Rule 7.35P(h).

To reflect these proposed changes, the Exchange proposes to amend proposed Rule 7.35P(h) as follows (new rule text double-underlined, deleted text in strike-through):

(h) *Transition from Auction to Continuous Trading.* After auction processing concludes, including if there is no Matched Volume and an auction is not conducted or when transitioning from one trading session to another, the Exchange will transition to continuous trading for the applicable trading session as follows:

(1) Orders that are no longer eligible to trade, either because they are Auction-Only Orders or not eligible for the next trading session, will expire.

(2) Orders that are designated for the a trading session following an auction and that were received during a prior trading session before the auction or during the Auction Processing Period, and that did not participate in the auction, will become eligible to trade.

(3) Before continuous trading in the Trading Session following a prior trading session or an the applicable auction begins, orders will be processed as follows:

(A) Any order instructions received during either the Auction Imbalance Freeze or Auction Processing Period that were not processed will be processed.

(B) The display price and working price of orders will be adjusted based on the PBBO or NBBO, as provided for in Rule 7.31P. When transitioning to continuous trading, the display price and working price of Day ISOs will be

adjusted in the same manner as Arca Only Orders until the Day ISO is either traded in full or displayed at its limit price.

(C) If orders ~~that become~~ eligible to trade in the next trading session are marketable, such orders will trade and/or route based on price-time priority of individual orders, as provided for in Rule 7.37P.

(D) After marketable orders have routed or traded, the NYSE Arca Marketplace will publish a quote for the next trading session.

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To further reflect the proposed amendments, the Exchange proposes to amend the beginning of page 33 through the last bulleted paragraph on page 34 of the Filing (last paragraph on page 88 through the last bulleted paragraph on page 91 of the Exhibit 1) as follows (new text underlined; deleted text in brackets):

Transition [from Auction] to Continuous Trading: Proposed Rule 7.35P(h) would specify how the Exchange would transition [from auction processing] to continuous trading following either an auction or when transitioning from one trading session to another. As proposed, after auction processing concludes, including if there is no Matched Volume and an auction is not conducted, or when transitioning from one trading session to another, the Exchange would transition to continuous trading for the applicable trading session as specified in Rule 7.35P(h)(1) – (3).

As proposed in Rule 7.35P(h)(1), after auction processing concludes or when transitioning to the next trading session, orders that are no longer eligible to trade, either because they are Auction-Only Orders or not eligible for the next trading session, would expire. This proposed rule text is based on current Rule 7.35(e)(3)(C), which provides that MOC Orders that are eligible for, but not executed in, the Closing Auction, shall be cancelled immediately upon conclusion of the Closing Auction. The Exchange proposes non-substantive differences to specify that any order that is not eligible for the next trading session, and not just MOC Orders, would expire after the respective auction or trading session concludes.

As proposed in Rule 7.35P(h)(2), orders that are designated for [the] a trading session [following an auction] and that were received during a prior trading session [before the auction] or during the Auction Processing Period, and that did not participate in the auction, would become eligible to trade. For example, when transitioning from the Early Trading Session to the Core Trading Session, orders designated for the Core Trading Session that were not eligible to participate in an auction, e.g., a Non-Display Limit Order, would become eligible to trade. This proposed rule text is based on the following rules:

- Rule 7.35(b)(3), which provides that orders that are eligible for, but not executed in, the Opening Auction shall become eligible for the Opening Session immediately upon conclusion of the Opening Auction;

- Rule 7.35(c)(3)(A)(3), which provides that the Market Orders that are eligible for both the Market Order Auction and the Core Trading Session, but which are not executed in the Market Order Auction, shall become eligible for execution in the Core Trading Session immediately upon conclusion of the Market Order Auction;

- Rule 7.35(d)(1) and (2), which provide that Limit and Market Orders entered after 6:29 a.m. (Pacific Time) become eligible for execution at 6:30 a.m. (Pacific Time) or the conclusion of the Market Order Auction, whichever is later; and

- Rule 7.35(f)(5), which provides that if any orders are not executed in their entirety during the Trading Halt Auction, then such orders shall be executed in accordance with Rule 7.37 after the completion of the Trading Halt Auction.

The Exchange proposes non-substantive differences in proposed Rule 7.35P(h)(2) to consolidate the text of Rules 7.35(b)(3), 7.35(c)(3)(A)(3), 7.35(d)(1) and (2), and 7.35(f)(5) into a single rule that uses Pillar terminology to describe that orders that do not participate in an auction and that are eligible for the trading session following such auction would become eligible to trade.

Proposed Rule 7.35P(h)(3) would provide that before continuous trading [in the Trading Session] following a prior trading session or an [the applicable] auction begins, the Exchange would process orders as follows:

- As provided for in proposed Rule 7.35P(h)(3)(A), any order instructions received during either the Auction Imbalance Freeze or Auction Processing Period that were not processed will be processed. For example, a request to cancel a Limit Order designated for the Core Trading Session only and that was entered during the Core Open Auction Imbalance Freeze would be processed after the auction processing concludes. This rule text would be new in Pillar and uses Pillar terminology to specify when order instructions would be processed.

- As provided for in proposed Rule 7.35P(h)(3)(B), the display price and working price of orders would be adjusted based on the PBBO or NBBO, as provided for in proposed Rule 7.31P. Before becoming eligible to trade in the next trading session, orders would have their display prices and working prices adjusted as provided for in proposed Rule 7.31P and consistent with the terms of the respective orders. This rule text would be new in Pillar and uses Pillar terminology regarding when an order would

receive a new <u>display or</u> working price.

In addition, the Exchange proposes to provide that when transitioning to continuous trading, the display price and working price of Day ISOs would be adjusted in the same manner as Arca Only Orders until the Day ISO is either traded in full or displayed at its limit price. As provided for in Rule 7.31P(e)(3)(C), a Day ISO order is an order with an instruction not to route that meets the requirements of Rule 600(b)(3) of Regulation NMS, and therefore on arrival, may trade through a protected bid or offer and may lock or cross a protected quotation that was displayed at the time of arrival of the Day ISO. Because on arrival, a Day ISO can be displayed at a price that locks or crosses a protected quotation, such order does not re-price when the PBBO moves.

A Day ISO that does not trade on arrival and is displayed on the NYSE Arca Book would be eligible to participate in a later auction, e.g., following a trading pause. If a Day ISO does not trade in such auction, it would become eligible to trade in continuous trading again. However, there is the potential that the limit price of a Day ISO could lock or cross the PBBO following an auction. In such case, because of the instruction not to route, the Day ISO would not be routed to the Away Market. It would also no longer be eligible to be displayed at a price that would lock or cross a protected quotation. Accordingly, a marketable Day ISO would not be able to route or be quoted, as provided for in proposed Rule 7.35P(h)(3)(C), described below.

Because a Day ISO is not eligible to route and would no longer be eligible to lock or cross a protected quotation, the Exchange proposes that when transitioning to continuous trading, the display price and working price of a Day ISO would be adjusted as if it were an Arca Only Order. The processing of Arca Only Orders, including re-pricing such orders, is set forth in Rule 7.31P(e)(1). The Exchange would continue to re-price a Day ISO Order as if it were an Arca Only Order until the order is traded in full or displayed at its limit price. The Exchange believes that this proposed treatment of Day ISO orders when transitioning to continuous trading would be consistent with the original terms of the order.

- As provided for in proposed Rule 7.35P(h)(3)(C), if orders [that become] eligible to trade <u>in the next trading session</u> would be marketable, such orders would trade and/or route based on price-time priority of individual orders as provided for in Rule 7.37P. This rule text would be new in Pillar and uses Pillar terminology to describe <u>how the Exchange would process</u> [that following an auction,] orders <u>to buy and sell</u> that <u>either did not participate in an auction, e.g., because of an Auction Collar, or became eligible to trade after an auction, e.g., a Non-Display Limit Order, and are either priced the same or have crossed prices. If such buy and sell orders</u>

are marketable <u>against one another or a protected quote on an Away Market, they</u> would trade or route, as provided for in Rule 7.37P, before the Exchange would disseminate its first quote following an auction. The Exchange proposes that following an auction, if orders that did not trade in an auction, or were not eligible to trade in an auction, are marketable, these orders [should] <u>would</u> trade or route, as applicable, rather than publishing a locked or crossed quote from the NYSE Arca Book.

- As provided for in proposed Rule 7.35P(h)(3)(D), after marketable orders have been routed or traded, the NYSE Arca Marketplace would publish a quote for the next trading session. This rule text would be new in Pillar.

2. Amend second full paragraph on page 11 of the Filing (second full paragraph on page 54 of the Exhibit 1).

The Exchange proposes to replace the second full paragraph on page 11 of the Filing (second full paragraph on page 54 of the Exhibit 1) as follows (new text underlined):

The Exchange proposes a substantive difference in Pillar that Auction Imbalance Information would be updated at least every second, unless there is no change to the information<u>, rather than on a real-time basis</u>.   To reflect that order entry eligibility would be based on the Imbalance that is updated on this schedule, if applicable for the respective auction as described below, proposed Rule 7.35P(a)(4)(B) would provide that order entry eligibility during an Auction Imbalance Freeze would be based on the most recently-updated Auction Imbalance Information. <u>The Exchange believes that by updating Auction Imbalance Information on a one-second basis, ETP Holders that are interested in entering offsetting interest during an Auction Imbalance Freeze would have greater certainty of the Auction Imbalance in effect at the time of order entry, and thus greater determinism of whether an order would be offsetting the published imbalance.</u>

3. Amend the first two full bulleted paragraphs on page 17 of the Filing (the last bulleted paragraph on page 62 through the first full bulleted paragraph on page 63 of the Exhibit 1).

The Exchange proposes to replace the first two full bulleted paragraphs on page 17 of the Filing (the last bulleted paragraph on page 62 through the first full bulleted paragraph on page 63 of the Exhibit 1) as follows (new text underlined):

- For the Core Open Auction, the Exchange proposes a substantive difference in Pillar that the Auction Reference Price would be the midpoint of the Auction NBBO or, if the Auction NBBO is locked, the locked price. <u>This would differ from current Rule 1.1(s), which provides that the Exchange would use the closing price of the previous day's normal market hours. The Exchange believes that using the midpoint of the Auction NBBO as the Auction Reference Price for the Core Open</u>

Auction would better reflect the most recent value of the security as compared to a closing price from the prior trading day. The Exchange further proposes that if there is no Auction NBBO, e.g., the NBBO does not qualify as an Auction NBBO under proposed Rule 7.35P(a)(5), the Exchange would use the prior trading day's Official Closing Price as the Auction Reference Price. Because the Indicative Match Price would be included in the information for the Auction Imbalance Information, and because the Auction Reference Price for the Core Open Auction would be based on the Auction NBBO, the Exchange would begin calculating an Auction NBBO at the same time it begins disseminating Auction Imbalance Information for the Core Open Auction, described below.

- For the Trading Halt Auction and Closing Auction, the Exchange proposes that the Auction Reference Price would be the last consolidated round-lot price of that trading day and, if none, the prior trading day's Official Closing Price. This Auction Reference Price would be based on current rule text in Rule 1.1(s), with non-substantive differences to provide more specificity that it would be a last consolidated round-lot price of that trading day, and to provide specificity regarding which reference price to use if there were no last consolidated round lot trades that day. The Exchange believes that using the last consolidated round-lot price prior to a Trading Halt Auction would reflect the most recent value for a security for such auction because during a pause or trading halt, there is no NBBO being calculated. Likewise, for the Closing Auction, the Exchange believes that because there is continuous trading occurring prior to the Closing Auction, the last consolidated sale price would be representative of the value of the security going into the Closing Auction.

4. Amend second full paragraph on page 24 of the Filing (last paragraph on page 74 of the Exhibit 1).

The Exchange proposes to replace the second full paragraph on page 24 of the Filing (last paragraph on page 74 of the Exhibit 1) as follows (new text underlined):

Proposed Rule 7.35P(c)(1) would further provide that the non-displayed quantity of Reserve Orders that are eligible to participate in the Core Open Auction would not be included in the Matched Volume, Total Imbalance, or Market Imbalance until the Core Open Auction Imbalance Freeze begins.[1] This would be new rule text for Pillar, to specify that for Reserve Orders that are eligible to participate in the Core Open Auction, the reserve quantity would not be included in specified Imbalance information until the Core Open Auction Imbalance Freeze begins. As discussed above, the Indicative Match Price would include the volume of the non-

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[1]   As with current functionality, the Indicative Match Price would include the non-display quantity of such Reserve Orders at all times.

displayed portion of Reserve Orders at all times because that data point only provides pricing information, and not volume of shares eligible to trade. The Exchange believes it is appropriate to exclude the volume of the non-display portion of Reserve Orders until the Core Open Auction Imbalance Freeze begins to reduce the potential for market participants to identify the volume of interest that is intended to be non-displayed. The Exchange further believes it is appropriate to include this information once the Auction Imbalance Freeze begins so that market participants can have greater certainty of the full size of the imbalance to assess whether to enter offsetting interest.

5. Amend the last full paragraph on page 31 of the Filing (last full paragraph on page 86 of the Exhibit 1).

The Exchange proposes to amend the last full paragraph on page 31 of the Filing (last full paragraph on page 86 of the Exhibit 1) as follows (new text underlined):

In Pillar, the Exchange would not have a Trading Halt Auction Imbalance Freeze. Accordingly, rule text in current Rule 7.35(f)(3)(C), which provides that the Corporation, if it deems such action necessary, will disseminate the time, prior to the time that orders are matched pursuant to the Trading Halt Auction, at which orders may no longer be cancelled, would not be included in Rule 7.35P. On the current trading platform, the Exchange has not invoked this authority and therefore the Exchange proposes not to include it in the Pillar rules.

6. Amend the second bulleted paragraph on page 32 of the Filing (the second bulleted paragraph on page 87 of the Exhibit 1).

The Exchange proposes to amend the second bulleted paragraph on page 32 of the Filing (the second bulleted paragraph on page 87 of the Exhibit 1) as follows (new text underlined):

- As provided for in proposed Rule 7.35P(f)(2), there would be no Auction Imbalance Freeze, Auction Collars, or restrictions on the entry or cancellation of orders for an IPO Auction, which is current functionality. Because an IPO Auction would not be set at a specific time, nor would there be any trading in the security before the IPO Auction, the Exchange does not believe that an Auction Imbalance Freeze or Auction Collars would assist in the price discovery process or or would be necessary to prevent fraudulent and manipulative acts and practices. Similarly, because the time of an IPO Auction may change, the Exchange does not believe that there needs to be any restrictions on the entry or cancellation of orders, including cancellation of MOO Orders and LOO Orders, before an IPO Auction. Rather, if there is an imbalance going into an IPO Auction, the Exchange could extend the time for the IPO Auction in order to attract additional offsetting interest or allow ETP Holders to cancel orders that are on the side of the

imbalance. Accordingly, an IPO Auction would not be subject to these [requirements] <u>controls</u>.

7. Amend last paragraph on page 32 of the Filing (first full non-bulleted paragraph on page 88 of the Exhibit 1).

The Exchange proposes to replace the last paragraph on page 32 of the Filing (first non-bulleted paragraph on page 88 of the Exhibit 1) as follows (new text underlined):

> <u>Order Processing during an Auction Processing Period</u>: Proposed Rule 7.35P(g) would specify how the Exchange would process order instructions during an Auction Processing Period. This rule text would be new in Pillar<u>, but represents current functionality</u>. As proposed, new orders, requests to cancel, and requests to cancel and replace an order that are received during the Auction Processing Period would be accepted but would not be processed until after the applicable auction concludes. The rule would further provide that a request to cancel and replace an order that was entered during the Auction Processing Period for an order that was also entered during the Auction Processing Period would be rejected. The proposed rule text provides specificity in the Pillar rule of how order instructions that are received during the Auction Processing Period would be processed. <u>The Exchange believes it is appropriate to continue accepting order instructions during the Auction Processing Period, rather than reject them, in order to provide ETP Holders with seamless order entry. The Exchange further believes it is appropriate to wait to process such new order instructions until after the auction processing concludes in order to provide certainty regarding the timing and pricing of an auction.</u>

8. Amend the second full paragraph on page 35 through the carryover paragraph on page 36 of the Filing (last paragraph on page 92 through the carryover paragraph on page 94 of the Exhibit 1).

The Exchange proposes to replace second full paragraph on page 35 through the carryover paragraph on page 36 of the Filing (last paragraph on page 92 through the carryover paragraph on page 94 of the Exhibit 1) as follows (new text underlined, deleted text bracketed):

> <u>Commentary: As provided for in Rule 7.16P(f)(5), during a Short Sale Period, the Exchange re-prices sell short orders to a Permitted Price, which is defined as one minimum price increment above the current NBB. Because a sell short order that is re-priced pursuant to Rule 7.16P(f)(5) would participate in an auction at a Permitted Price, the</u> [The] Exchange proposes to add Commentary .01 to proposed Rule 7.35P to address how sell short orders would be processed <u>in auctions that occur</u> during a Short Sale Period [in auctions]. As proposed in Commentary .01(a) to Rule 7.35P, during a Short Sale Period, for purposes of pricing an auction and ranking orders for allocation in an auction, sell short

Market Orders that would be adjusted to a Permitted Price would be processed as Limit Orders ranked Priority 2 – Display Orders and would not be included in the Market Imbalance.

This proposed treatment of sell short Market Orders would be applicable only for purposes of auctions because once adjusted to a Permitted Price pursuant to Rule 7.16P(f)(5), a sell short Market Order has a price. Because [and] such price [would] could be used for purposes of determining the price of an auction, the Exchange believes it is appropriate to treat such re-priced Market Orders as Limit Orders ranked Priority 2 – Display Orders for purposes of determining allocation of such order in an auction. For example, if there are only buy Market Orders and sell short Market Orders for an auction, the Permitted Price at which sell short Market Orders are priced to a Permitted Price would be the basis for determining the Indicative Match Price for that auction, instead of the applicable Auction Reference Price, as described above. Because the Permitted Price of sell short Market Orders would be used for purposes of determining the Indicative Match Price, the Exchange proposes that for purposes of order allocation during an auction, sell short Market Orders that have been adjusted to a Permitted Price would be ranked as Priority 2 –Display Orders.

Proposed Commentary .01(b) to Rule 7.35P would further provide that, during a Short Sale Period, sell short orders that would be included in Auction Imbalance Information, but which would not be eligible for continuous trading before the applicable auction, would be adjusted to a Permitted Price as the NBB moves both up and down. The Exchange believes this proposed rule text provides clarity that for purposes of calculating Auction Imbalance Information before each applicable auction, sell short orders that are not eligible for continuous trading (e.g., Auction-Only Orders, or for the Core Open Auction, Market Orders and Limit Orders designated for the Core Trading Session only) and that would be required to be re-priced pursuant to Rule 7.16P(f)(5) if they were to trade, would be continuously re-priced based on the then-applicable NBB with each publication of Auction Imbalance Information. The Exchange believes that during a Short Sale Period, continuously re-pricing sell short orders consistent with Rule 7.16P(f)(5), even though they [that] are not yet eligible to trade, would provide greater transparency regarding the price at which such orders would be included in Auction Imbalance Information in advance of the applicable auction.

9. Amend the fourth and fifth bulleted paragraphs in the Statutory Basis section on page 39 of the Filing (last bulleted paragraph on pages 99 through the first full bulleted paragraph on 100 of the Exhibit 1).

The Exchange proposes to provide additional detail in the Statutory Basis section of the Filing replace the fourth and fifth bulleted paragraphs in the Statutory Basis section on page 39 of the Filing (the last bulleted paragraph on page 99 through the first full bulleted paragraph on page 100 of the Exhibit 1) as follows (new text underlined):

- The proposed substantive difference not to have any order entry or cancellation restrictions during the one-minute Auction Imbalance Freeze before the Early Open Auction reflects that there is not any trading occurring before the Early Open Auction, and therefore the risk to manipulate market prices before the Early Open Auction is minimal. <u>In addition, because an Early Open Auction in a security would occur at 4:00 a.m. Eastern Time, which is well before regular trading hours, the Exchange generally does not receive sufficient buying and selling interest to warrant conducting such an auction in the vast majority of NYSE Arca-listed securities. Because the Exchange generally conducts an Early Open Auctions in fewer than 20 securities on a given trading day, the need for order entry or cancellation restrictions in advance of such auctions is abated.</u>

- The proposed substantive difference to have a Core Open Auction Imbalance Freeze of five seconds instead of one minute would increase the period during which orders may be entered to participate in the Core Open Auction, thereby promoting price discovery for the auction. <u>In addition, based on discussions with industry participants, the Exchange believes that with today's faster trading technology, five seconds provides sufficient time for industry participants to respond to a published imbalance and enter offsetting interest, if applicable.</u> To reduce the potential to manipulate pricing for the auction, the Exchange proposes to retain the current functionality that MOO Orders and LOO Orders may not be cancelled beginning one minute before the scheduled time for the auction.

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