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October 14, 2015

Brent J. Fields
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-9303

Re: Request for Exemption from Certain Provisions of the Plan to Implement a Tick Size Pilot Program (File No. 4-657)

Dear Mr. Fields:

On May 6, 2015, the Commission approved the Plan to Implement a Tick Size Pilot Program submitted to the Commission pursuant to Rule 608 of Regulation NMS under the Securities Exchange Act of 1934 (“Act”) (the “Plan”).¹ Absent an exemption, Rule 608 of Regulation NMS requires each Plan Participant² to comply with, and enforce compliance by its members, as applicable, with the provisions of the Plan.³ As described below, and subject to certain conditions, the Plan Participants respectfully request from the Securities and Exchange Commission (“Commission”) an exemption from the requirements in Section VI of the Plan when the Closing Price⁴ of a Pilot Security in a test group is below \$1.00.

¹ See Securities and Exchange Act Release No. 74892 (May 6, 2015), 80 FR 27513 (File No. 4-657) (the “Approval Order”).

² The Plan Participants are BATS Exchange, Inc., BATS Y-Exchange, Inc., Chicago Stock Exchange, Inc., EDGA Exchange, Inc., EDGX Exchange, Inc., Financial Industry Regulatory Authority, Inc., NASDAQ OMX BX, Inc., NASDAQ OMX PHLX LLC, the Nasdaq Stock Market LLC, New York Stock Exchange LLC, NYSE MKT LLC, and NYSE Arca, Inc.

³ 17 CFR 242.608(c); See Section II of the Plan.

⁴ Unless otherwise specified, capitalized terms used in this rule filing are based on the defined terms of the Plan.

Background

The Plan will allow the Commission, market participants, and the public to study and assess the impact of increment conventions on the liquidity and trading of the common stocks of small capitalization companies. To facilitate this analysis, the Plan provides for the widening of quoting and trading increments for a group of Pilot Securities. As set forth in Section V of the Plan, the Pilot Securities will be subdivided into three test groups and a control group, each with its own requirements and exceptions relating to quoting and trading increments.

Section V(A) of the Plan sets forth the criteria for determining the NMS Common Stocks that are Pilot Securities.⁵ The Operating Committee will select the Pilot Securities to be placed into three test groups by means of a stratified random sampling process. Each test group will consist of 400 Pilot Securities; Pilot Securities not placed into a test group will constitute the control group.⁶

Exemption Request

The Plan Participants request an exemption from the Plan to be able to move specified Pilot Securities to the control group during the course of the Pilot Period. Specifically, the Plan Participants believe that a Pilot Security in one of the three test groups that has a Closing Price below \$1.00 should be removed from its respective test group and added to the control group for the remainder of the Pilot Period. The Plan Participants further believe that a Pilot Security that has a price that drops below \$1.00 during regular trading hours, but maintains a Closing Price above \$1.00, would remain in its test group. All Pilot Securities, including a Pilot Security that

⁵ Pilot Securities will consist of those NMS Common Stocks with: (1) a market capitalization of \$5 billion or less on the last day of the Measurement Period; (2) a Closing Price of at least \$2.00 on the last day of the Measurement Period; (3) a Closing Price on every U.S. trading day during the Measurement Period that is not less than \$1.50; (4) a Consolidated Average Daily Volume ("CADV") during the Measurement Period of one million shares or less; and (5) a Measurement Period Volume-Weighted Average Price ("VWAP") of at least \$2.00. In addition, an NMS Common Stock for an issuer that had its IPO within 6 months of the start of the Pilot Period would not be eligible to be a Pilot Security. See Section V(A) of the Plan.

⁶ See Section V(B) of the Plan.

is removed from a test group and added to the control group because its Closing Price is below \$1.00, would continue to be subject to the data collection provisions of the Plan.⁷

Without an exemption from the Plan and the ability to reassign a Pilot Security from a particular test group to the control group, Section VI of the Plan requires that Pilot Securities with a Closing Price below \$1.00 continue to be quoted and traded according to the provisions for each respective test group described in subparagraphs (A)-(D) of Section VI of the Plan. Therefore, for example, a Pilot Security that is in test group two and has a Closing Price below \$1.00 will continue to quote and trade in \$0.05 increments.

The Plan Participants believe that such a result would not be consistent with the Commission's reasoning described in the Approval Order. The Commission stated in its Approval Order that it believes that altering tick sizes could result in significant market-wide benefits and improvements to liquidity and capital formation, especially for small capitalization stocks, and therefore investors and issuers would benefit because it would be easier and less expensive to trade in these stocks. However, requiring Pilot Securities that have a Closing Price below \$1.00 quote and/or trade at large \$0.05 increments, rather than \$0.01 or subpenny increments, as would be the case in the control group, could be potentially harmful for trading in such Pilot Securities, as the spread for such Pilot Securities can become too large in comparison to the price of the actual Pilot Securities. The Plan Participants believe this would have a negative impact on the trading activity for such securities and thus be contrary to the stated goals of the Commission in approving the Plan. Furthermore, the Plan Participants believe that not moving such Pilot Securities to the control group could impact the quality of data generated and collected from such Pilot Securities because the spreads associated with such Pilot Securities would not correlate to the actual price of such Pilot Securities.

The Participants further believe that removing a Pilot Security with a Closing Price below \$1.00 from a test group is consistent with the intentions of the Plan because, in identifying the criteria for the selection and grouping of Pilot Securities, the Plan provides that Pilot Securities consist of those NMS Common Stocks that have a Closing Price of at least \$2.00 on the last day of the Measurement Period (which is a three-calendar-month period) and a Closing Price on every U.S. trading day during the Measurement Period that is not less than \$1.50. The goal of using a three-month Measurement Period is to reduce the potential for securities that trade below \$1.00 to be

⁷ In compliance with the Plan, Plan Participants would also propose SRO rules to address the mechanics of what happens to Pilot Securities with a Closing Price below a \$1.00. Furthermore, in accordance with Appendix A of the Plan, Pilot Securities that are removed from test groups and placed into the control group would be made publicly available in a pipe delimited format.

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included as a Pilot Security. If the price of a security, based on the closing price, were to decline during the Pilot Period to below \$1.00, it would be consistent with the original goals of how Pilot Securities are selected initially to remove such Pilot Security from a test group. The Plan Participants note that by including such a Pilot Security in the control group for the remainder of the Pilot Period, such security will continue to be subject to the data collection provisions of the Plan, and therefore the Commission and the Plan Participants would still be able to assess trading activity in such a Pilot Security.

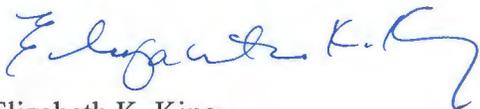
Accordingly, the Participants respectfully request that the Commission approve an exemption from Section VI of the Plan that would:

1. require that Pilot Securities that drop below \$1.00 during regular trading hours, but maintain a Closing Price above \$1.00, continue to quote and trade in accordance with the provisions of the test groups they are originally placed into,
2. permit the Plan Participants to remove a Pilot Security that has been included in a test group and that has a Closing Price below \$1.00 during the Pilot Period from its test group, and
3. add such Pilot Security to the control group for the remainder of the Pilot Period.

The requested exemption satisfies the requirements of Rule 608(e) of Regulation NMS, in that it is consistent with the public interest, the protection of investors, the maintenance of fair and orderly markets and the removal of impediments to, and the perfection of the mechanisms of, a national market system. Specifically, the Exchange believes that the exemption will promote the goals of Regulation NMS by fostering market efficiencies and complying with the original intentions of the Plan.

We thank you for your attention to this request.

Respectfully submitted,



Elizabeth K. King