



**Martha Redding**  
Associate General Counsel  
Assistant Secretary

September 13, 2019

**VIA E-MAIL**

Secretary  
Securities and Exchange Commission  
100 F Street, N.E.  
Washington, DC 20549-1090

Re: Securities Exchange Act Rel. 34-86696 (SR-NYSE-2019-44)

Dear Secretary:

NYSE LLC, Inc. filed the attached Amendment No. 1 to the above-referenced filing on September 13, 2019.

Sincerely,

A handwritten signature in blue ink, appearing to be the initials "MR" or similar, written in a cursive style.

(Encl. Amendment No. 1 to SR-NYSE-2019-44)

Required fields are shown with yellow backgrounds and asterisks.

Filing by New York Stock Exchange LLC  
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) *
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			Rule		
Pilot	Extension of Time Period for Commission Action *	Date Expires *	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<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	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) *	Section 806(e)(2) *
<input type="checkbox"/>	<input type="checkbox"/>
	Section 3C(b)(2) *
	<input type="checkbox"/>

Exhibit 2 Sent As Paper Document	Exhibit 3 Sent As Paper Document
<input type="checkbox"/>	<input type="checkbox"/>

**Description**

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

Proposes to add certain rules to the list of minor rule violations in Rule 9217; delete obsolete rules from Rule 9217; and increase the maximum fine for minor rule violations

**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 \* David Last Name \* De Gregorio

Title \* Senior 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 09/13/2019 Associate General Counsel

By Clare Saperstein [Signature Box]

(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.

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

1. Text of the Proposed Rule Change

- (a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> New York Stock Exchange LLC (“NYSE” or the “Exchange”) proposes to (1) add certain rules to the list of minor rule violations in Rule 9217; (2) delete obsolete rules from Rule 9217; and (3) increase the maximum fine for minor rule violations to \$5,000 in order to more closely align the Exchange’s minor rule plan with that of its affiliates. This Amendment No. 1 to SR-NYSE-2019-44 replaces SR-NYSE-2019-44 as originally filed and supersedes such filing in its entirety.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1, and the text of the proposed rule change is attached as Exhibit 5.

- (b) The Exchange does not believe that the proposed rule change will have any direct effect, or any significant indirect effect, on any other Exchange rule in effect at the time of this filing.
- (c) Not applicable.

2. Procedures of the Self-Regulatory Organization

Senior management has approved the proposed rule change pursuant to authority delegated to it by the Board of the Exchange. No further action by the Board of Directors or the membership of the Exchange is required. Therefore, the Exchange’s internal procedures with respect to the proposed change are complete.

The person on the Exchange staff prepared to respond to questions and comments on the proposed rule change is:

David De Gregorio  
Senior Counsel  
NYSE Group, Inc.  
[REDACTED]

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

- (a) Purpose

The Exchange proposes to (1) add certain rules to the list of minor rule violations

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

in Rule 9217; (2) delete obsolete rules from Rule 9217; and (3) increase the maximum fine for minor rule violations to \$5,000 in order to more closely align the Exchange's minor rule plan with that of its affiliates.

Rule 9217 sets forth the list of rules under which a member organization or covered person may be subject to a fine under a minor rule violation plan as described in proposed Rule 9216(b). The Exchange proposes the following amendments to Rules 9217 and 9216(b).

#### Proposed Rule Change

The Exchange proposes to add the following new introductory paragraph to Rule 9217:

Nothing in this Rule shall require the Exchange to impose a fine for a violation of any rule under this Minor Rule Plan. If the Exchange determines that any violation is not minor in nature, the Exchange may, at its discretion, proceed under the Rule 9000 Series rather than under this Rule.

The language is based on NYSE Arca Rule 10.9217(d).

#### Proposed Additions to Rule 9217

The Exchange proposes to add the following rules to the list of rules in Rule 9217 eligible for disposition pursuant to a fine under Rule 9216(b):

- Rule 7.30 (Authorized Traders)
- Rule 76 ("Crossing" Orders)
- Rule 103(a)(i) (Registration and Capital Requirements of DMM Units)
- Rule 1210 (Registration Requirements)
- Rule 3110(a) and (b)(1) (Supervision)

The Exchange also proposes that all of the registration and other requirements set forth in Rule 345 be eligible for a minor rule fine.

Rule 7.30 establishes requirements for member organizations relating to Authorized Traders. The rule is based on NYSE Arca, Inc.'s ("NYSE Arca") Rule 7.30-E (Authorized Traders), which is eligible for NYSE Arca's Minor Rule Plan.<sup>3</sup>

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<sup>3</sup> See Securities Exchange Act Release No. 81225 (July 27, 2017), 82 FR 36033, 36035 (August 2, 2017) (SR-NYSE-2017-35). See also NYSE Arca Rule 10.12(i)(4) (NYSE Arca Rule 7.30-E); NYSE Arca Rule 10.9217(f)(4). NYSE Arca Rule 10.12 is NYSE Arca's legacy minor rule plan and applies only to matters for which a written statement was served under Rule 10.12 prior to May

Rule 76 is substantially similar to NYSE American LLC (“NYSE American”) Rule 934NY(a)(1) (Crossing) and NYSE Arca Rule 6.47-O(a)(1) (“Crossing” Orders — OX), which govern manual crosses on those respective exchanges’ options trading Floors. NYSE American Rule 934NY(a)(1) is eligible for NYSE American’s Minor Rule Plan, and NYSE Arca Rule 6.47-O(a)(1) is eligible for NYSE Arca’s Minor Rule Plan.<sup>4</sup>

Rule 103(a)(1) provides that no member organization shall act as a Designated Market Maker (“DMM”) unit in any security unless such member organization is registered as a DMM unit in such security with the Exchange and unless the Exchange has approved of the member organization acting as a DMM unit and not withdrawn such approval. The rule is substantially similar to NYSE Arca Rule 7.20-E(a) (Registration of Market Makers) and NYSE National Rule 7.20 (Registration of Market Makers), which similarly require that market makers on those exchanges be registered in a security and that the registration has not been suspended or cancelled. Both NYSE Arca Rule 7.20-E(a) and NYSE National Rule 7.20 are eligible for minor rule fines.<sup>5</sup>

Similarly, Rule 1210, which was adopted in October 2018,<sup>6</sup> sets forth the requirements for persons engaged in the investment banking or securities business of a member organization to be registered with the Exchange as a representative or principal in each category of registration appropriate to his or her functions and responsibilities as specified in Rule 1220. The Exchange proposes to add Rule 1210 to the list of minor rules in Rule 9217. The Exchange believes that having the ability to issue a minor rule fine for failing to comply with the registration requirements of Rule 1210 would be consistent with and complement the Exchange’s current ability to issue minor rule fines for other registration violations (e.g., Rule 345).

Rule 3110 is the Exchange’s supervision rule. The Exchange proposes to add subsections (a) and (b)(1) of Rule 3110, governing failure of a member organization to establish and maintain a supervisory system and failure to establish, maintain, and enforce written supervisory procedures, respectively, to Rule 9217. Failure to supervise individuals and accounts is currently eligible for

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27, 2019; thereafter, Rules 10.9216(b) and 10.9217 apply. See generally NYSE Arca Rules 10.0 (preamble) and 10.9001.

<sup>4</sup> See NYSE American Rule 9217 (Rule 934NY); NYSE Arca Rules 10.12(h)(3) and 10.9217(e)(3). See note 3, supra.

<sup>5</sup> See NYSE Arca Rules 10.12(i)(5) and 10.9217(f)(5); NYSE National Rule 10.9217(d).

<sup>6</sup> See Securities Exchange Act Release No. 84336 (October 2, 2018), 83 FR 50727 (October 9, 2018) (SR-NYSE-2018-44).

minor rule fines in the rules of the Exchange's affiliate NYSE Arca.<sup>7</sup>

Finally, Rule 345 sets forth certain employee registration, approval and other exchange requirements, including the requirements pertaining to the registration of a securities lending representative, Securities Trader or direct supervisor thereof. Currently, the only violation of Rule 345 that is eligible for a minor rule fine is failure of a member organization to have individuals responsible and qualified for the position of Securities Lending Supervisor. The Exchange proposes that all of registration and other requirements set forth in Rule 345 be eligible for a minor rule fine. The proposed change would be consistent with the practice on the Exchange's affiliates whose comparable rule is eligible for a minor rule fine.<sup>8</sup>

#### Proposed Deletions from Rule 9217

The Exchange proposes to delete the following rules from Rule 9217 as obsolete:

- Rule 706, which was deleted in 2014.<sup>9</sup>
- Rule 312(h), which is marked "Reserved" in the Exchange's rules and was deleted in 2010.<sup>10</sup>
- Rule 382(a). Rule 382 is also marked "Reserved" and was deleted in 2011.<sup>11</sup>
- Rule 791(c), which was also deleted in 2014.<sup>12</sup>
- Rules 352(b) & (c). Rule 352 is marked "Reserved" and was deleted in

<sup>7</sup> See NYSE Arca Rules 11.18 (Supervision), 10.12(j)(8) and 10.9217(g)(8).

<sup>8</sup> See, e.g., NYSE Arca Rules 2.24 (Registration—Employees of ETP Holders), 10.12(j)(11) and 10.9217(g)(11). See also NYSE National Rules 2.2 (Obligations of ETP Holders and the Exchange) and 10.9217(e).

<sup>9</sup> See Securities Exchange Act Release No. 72916 (August 26, 2014), 79 FR 52094 (September 2, 2014) (SR-NYSE-2014-44).

<sup>10</sup> See Securities Exchange Act Release No. 61557 (February 22, 2010), 75 FR 9472 (March 2, 2010) (SR-NYSE-2010-10). NYSE Rule 4110(c)(2), based on the comparable FINRA rule, incorporates Rule 312(h) in part. The Exchange is not proposing to add Rule 4110(c)(2) to Rule 9217.

<sup>11</sup> See Securities Exchange Act Release No. 64888 (July 14, 2011), 76 FR 43368 (July 20, 2011) (SR-NYSE-2011-33). NYSE Rule 4311, based on the comparable FINRA rule, was based in part on NYSE Rule 382. The Exchange is not proposing to add Rule 4311 to Rule 9217.

<sup>12</sup> See Release No. 72916, 79 FR at 52094.

2009.<sup>13</sup>

- Rule 392, which is also marked “Reserved” and was deleted in 2009.<sup>14</sup>
- Rule 410A, which was deleted in 2013.<sup>15</sup>
- Rule 445(4), which is marked “Reserved” and was deleted in 2009.<sup>16</sup>

The Exchange also proposes to correct a typographical error in Rule 9217. Rule 9217 refers to Rule 3010(a). The correct reference should be to Rule 3110(a), the Exchange’s supervision rule, which was added to Rule 9217 in 2014.<sup>17</sup>

### Eligible Fine Amounts

The maximum fine for minor rule violations under Rule 9216(b) is currently \$2,500. The maximum fine under the Exchange’s legacy minor rule plan set forth in Rule 476A previously was \$5,000. In adopting its current disciplinary rules in 2013, the Exchange believed it appropriate to lower the maximum fine amount to achieve harmony with the rules of the Financial Industry Regulatory Authority (“FINRA”).<sup>18</sup> The Exchange’s affiliates NYSE American, NYSE National and NYSE Arca, however, have since harmonized their disciplinary rules with the Exchange and adopted or retained a \$5,000 maximum fine for minor rule violations.<sup>19</sup> The Exchange accordingly proposes to adopt the same maximum

<sup>13</sup> See Securities Exchange Act Release No. 61158 (December 11, 2009), 74 FR 67942 (December 21, 2009) (SR-NYSE-2009-123). Rule 352 was replaced by Rule 2150. Violations of Rule 2150(b) & (c) are currently eligible for a minor rule fine under Rule 9217.

<sup>14</sup> See Securities Exchange Act Release No. 59965 (May 21, 2009), 74 FR 25783 (May 29, 2009) (SR-NYSE-2009-25).

<sup>15</sup> See Securities Exchange Act Release No. 68678 (January 16, 2013), 78 FR 5213 (January 24, 2013) (SR-NYSE-2013-02) (Notice) (“Release No. 68678”); see also Securities Exchange Act Release No. 69045 (March 5, 2013), 78 FR 15394 (March 11, 2013) (SR-NYSE-2013-02) (Approval Order). Rule 410A was replaced by Rule 8211. Both rules were initially retained in Rule 9217, but there is no longer any reason to retain Rule 410A in Rule 9217.

<sup>16</sup> See Securities Exchange Act Release No. 61273 (December 31, 2009), 75 FR 1091 (January 8, 2010) (SR-NYSE-2009-134).

<sup>17</sup> See Securities Exchange Act Release No. 73554 (November 6, 2014), 79 FR 67508 (November 13, 2014) (SR-NYSE-2014-56).

<sup>18</sup> See Release No. 68678, 78 FR at 5226.

<sup>19</sup> For instance, the maximum fine for minor rule violations under NYSE Arca’s legacy Minor Rule Plan set forth in Rule 10.12 is \$5,000. NYSE Arca retained the \$5,000 maximum when it adopted its new disciplinary rules. See NYSE Arca

fine amount in order to harmonize the maximum fine level with its affiliated exchanges. The Exchange also proposes to adopt the same 24-month rolling period to calculate second and subsequent fines as that used by its affiliated exchanges.

To effectuate this change, the Exchange proposes to add the following fine chart contained in Rule 476A, the Exchange’s legacy rule governing the imposition of minor rule fines, to Rule 9217:<sup>20</sup>

<u>Fine Amount</u>	<u>Individual</u>
First Time Fined	\$1,000
Second Time Fined**	\$2,500
Subsequent Fines**	\$5,000
<u>Fine Amount</u>	<u>Member Organization</u>
First Time Fined	\$2,500
Subsequent Fines**	\$5,000

\*\* Within a “rolling” 24-month period.

As noted, rather than the 12-month rolling period in Rule 476A, the Exchange proposes a 24-month “rolling” period from the date of the violation in order to harmonize with its affiliates.<sup>21</sup>

In order to add clarity to the Exchange’s rules, the Exchange also proposes to add a paragraph immediately before the proposed chart based on NYSE Arca Rule 10.9217(h) that sets forth how the beginning and end of the 24-month rolling

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Rule 10.9217(a). See also NYSE American Rule 9217 & NYSE National Rule 10.9217.

<sup>20</sup> When the Exchange adopted Rule 9217 as part of its adoption of FINRA’s disciplinary rules, the Exchange retained the list of rules set forth in Rule 476A. See Release No. 69045, 78 FR at 15396. The Exchange did not retain the chart in Rule 476A because, as noted above, the maximum fine under Rule 476A previously was \$5,000.

<sup>21</sup> See NYSE Arca Rule 10.9217 (violations applied in a rolling 24-month period); NYSE American Rule 9217 (same).

period is to be determined. Except for references that reflect the Exchange's membership and use of the phrase "minor rule violation plan letter" rather than "Notice of Minor Rule Plan Fine," the paragraph is substantially the same as NYSE Arca Rule 10.9217(h).<sup>22</sup>

In order to further harmonize the Exchange's rules with those of its affiliates, and because a fine of \$5,000 would exceed the maximum amount in Securities Exchange Act Rule 19d-1(c)(2) for a minor rule plan,<sup>23</sup> the Exchange proposes to change the titles of Rules 9216 and 9217. Specifically, the phrase "Plan Pursuant to SEA Rule 19d-1(c)(2)" would be replaced with "Procedure for Imposition of Fines for Minor Violation(s) of Rules" in the title of Rule 9216. The same phrase in Rule 9217 would be replaced with "Rule 9216(b)." The titles of both rules would thereby be the same as the titles of NYSE Arca Rules 10.9216 and 10.9217 and NYSE National Rules 10.9216 and 10.9217, respectively. The Exchange proposes to make similar conforming changes to Rule 9216(b)(1) by removing references to SEA Rule 19d-1(c)(2) and the maximum fine level of \$2,500, and by adding language specifying that the Exchange may impose a fine in accordance with the fine amounts and fine levels set forth in Rule 9217.

(b) Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act,<sup>24</sup> in general, and furthers the objectives of Section 6(b)(5),<sup>25</sup> in particular, because it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, 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.

Minor rule fines provide a meaningful sanction for minor or technical violations of rules. The Exchange believes that the proposed rule change will strengthen the Exchange's ability to carry out its oversight and enforcement responsibilities in cases where full disciplinary proceedings are unwarranted in view of the minor

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<sup>22</sup> Pursuant to the new paragraph the Exchange proposes to add to Rule 9217 based on NYSE Arca Rule 10.9217(d) discussed above, the Exchange is not required to impose a fine for a violation under its Minor Rule Plan. The Exchange may, at its discretion, bring formal disciplinary action against a member or associated person that has violated its rules.

<sup>23</sup> 17 CFR 240.19d-1(c)(2). The Exchange recognizes that fines exceeding \$2,500 would not be eligible for quarterly reporting under SEC Rule 19d-1(c). Fines that do not exceed \$2,500 would continue to be reported quarterly in compliance with SEC Rule 19d-1(c).

<sup>24</sup> 15 U.S.C. 78f(b).

<sup>25</sup> 15 U.S.C. 78f(b)(5).

nature of the particular violation. Specifically, the proposed rule change is designed to prevent fraudulent and manipulative acts and practices because it will provide the Exchange the ability to issue a minor rule fine for violations of its rules governing authorized traders, crossing orders, DMM registration and capital requirements, and general registration and supervision requirements in situations where a more formal disciplinary action may not be warranted or appropriate.

In addition, the Exchange believes that adding rules based on the rules of its affiliate to the Exchange's minor rule plan and the associated fine levels would promote fairness and consistency in the marketplace by permitting the Exchange to issue a minor rule fine for violations of substantially similar rules that are eligible for minor rule treatment on the Exchange's affiliate, thereby harmonizing minor rule plan fines across affiliated exchanges for the same conduct. Deletion of obsolete rules from the minor rule plan would thus remove impediments to and perfect the mechanism of a free and open market by ensuring that persons subject to the Exchange's jurisdiction, regulators, and the investing public can more easily navigate and understand the Exchange's rulebook.

Finally, in connection with the fine levels specified in the proposed rule change, adding clarifying language describing how the "rolling period" is determined would further the goal of transparency and add clarity to the Exchange's rules. The Exchange believes that adding such clarifying language would also be consistent with the public interest and the protection of investors because investors will not be harmed and in fact would benefit from increased transparency, thereby reducing potential confusion.

The Exchange further believes that the proposed amendments to Rule 9217 are consistent with Section 6(b)(6) of the Act,<sup>26</sup> which provides that members and persons associated with members shall be appropriately disciplined for violation of the provisions of the rules of the exchange, by expulsion, suspension, limitation of activities, functions, and operations, fine, censure, being suspended or barred from being associated with a member, or any other fitting sanction. As noted, the proposed rule change would provide the Exchange ability to sanction minor or technical violations pursuant to the Exchange's rules and would increase the amounts of fines in order for the Exchange to better deter violative activity.

#### 4. 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. The proposed change is not designed to address any competitive issue but rather to update the Exchange's rules to strengthen the Exchange's ability to carry out its oversight and enforcement functions and deter potential violative conduct.

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<sup>26</sup>

15 U.S.C. 78f(b)(6).

The Exchange also believes that the proposed change to remove obsolete rules from the list of rules eligible for minor rule fines would not be inconsistent with the public interest and the protection of investors because investors will not be harmed and in fact would benefit from increased clarity and transparency, thereby reducing potential confusion.

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

The Exchange has neither solicited nor received written comments on the proposed rule change.

6. Extension of Time Period for Commission Action

The Exchange does not consent to an extension of the time period specified in Section 19(b)(2)<sup>27</sup> of the Exchange Act.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

Not applicable.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

The proposed rule change is based on NYSE American Rule 9217, NYSE Arca Rule 10.9217 and NYSE National Rule 10.9217 with the differences noted herein.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

Exhibit 1 – Form of Notice of Proposed Rule Change for Federal Register

Exhibit 5 – Text of Proposed Rule Change

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<sup>27</sup> 15 U.S.C. 78s(b)(2).

## SECURITIES AND EXCHANGE COMMISSION

(Release No. 34- ; File No. SR-NYSE-2019-44, Amendment No. 1)

[Date]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing of Proposed Rule Change to Add Certain Rules to the List of Minor Rule Violations in Rule 9217; Delete Obsolete Rules and Increase the Maximum Fine for Minor Rule Violations

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (the “Act”)<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that, on September 13, 2019, New York Stock Exchange LLC (“NYSE” or the “Exchange”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. 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 (1) add certain rules to the list of minor rule violations in Rule 9217; (2) delete obsolete rules from Rule 9217; and (3) increase the maximum fine for minor rule violations to \$5,000 in order to more closely align the Exchange’s minor rule plan with that of its affiliates. This Amendment No. 1 to SR-NYSE-2019-44 replaces SR-NYSE-2019-44 as originally filed and supersedes such filing in its entirety. The proposed rule change is available on the Exchange’s website at [www.nyse.com](http://www.nyse.com), at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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<sup>1</sup> 15 U.S.C.78s(b)(1).

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.

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 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 Exchange proposes to (1) add certain rules to the list of minor rule violations in Rule 9217; (2) delete obsolete rules from Rule 9217; and (3) increase the maximum fine for minor rule violations to \$5,000 in order to more closely align the Exchange's minor rule plan with that of its affiliates.

Rule 9217 sets forth the list of rules under which a member organization or covered person may be subject to a fine under a minor rule violation plan as described in proposed Rule 9216(b). The Exchange proposes the following amendments to Rules 9217 and 9216(b).

Proposed Rule Change

The Exchange proposes to add the following new introductory paragraph to Rule 9217:

Nothing in this Rule shall require the Exchange to impose a fine for a violation of any rule under this Minor Rule Plan.

If the Exchange determines that any violation is not minor

in nature, the Exchange may, at its discretion, proceed under the Rule 9000 Series rather than under this Rule.

The language is based on NYSE Arca Rule 10.9217(d).

Proposed Additions to Rule 9217

The Exchange proposes to add the following rules to the list of rules in Rule 9217 eligible for disposition pursuant to a fine under Rule 9216(b):

- Rule 7.30 (Authorized Traders)
- Rule 76 (“Crossing” Orders)
- Rule 103(a)(i) (Registration and Capital Requirements of DMM Units)
- Rule 1210 (Registration Requirements)
- Rule 3110(a) and (b)(1) (Supervision)

The Exchange also proposes that all of the registration and other requirements set forth in Rule 345 be eligible for a minor rule fine.

Rule 7.30 establishes requirements for member organizations relating to Authorized Traders. The rule is based on NYSE Arca, Inc.’s (“NYSE Arca”) Rule 7.30-E (Authorized Traders), which is eligible for NYSE Arca’s Minor Rule Plan.<sup>4</sup>

Rule 76 is substantially similar to NYSE American LLC (“NYSE American”) Rule 934NY(a)(1) (Crossing) and NYSE Arca Rule 6.47-O(a)(1) (“Crossing” Orders — OX), which govern manual crosses on those respective exchanges’ options trading

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<sup>4</sup> See Securities Exchange Act Release No. 81225 (July 27, 2017), 82 FR 36033, 36035 (August 2, 2017) (SR-NYSE-2017-35). See also NYSE Arca Rule 10.12(i)(4) (NYSE Arca Rule 7.30-E); NYSE Arca Rule 10.9217(f)(4). NYSE Arca Rule 10.12 is NYSE Arca’s legacy minor rule plan and applies only to matters for which a written statement was served under Rule 10.12 prior to May 27, 2019; thereafter, Rules 10.9216(b) and 10.9217 apply. See generally NYSE Arca Rules 10.0 (preamble) and 10.9001.

Floors. NYSE American Rule 934NY(a)(1) is eligible for NYSE American's Minor Rule Plan, and NYSE Arca Rule 6.47-O(a)(1) is eligible for NYSE Arca's Minor Rule Plan.<sup>5</sup>

Rule 103(a)(1) provides that no member organization shall act as a Designated Market Maker ("DMM") unit in any security unless such member organization is registered as a DMM unit in such security with the Exchange and unless the Exchange has approved of the member organization acting as a DMM unit and not withdrawn such approval. The rule is substantially similar to NYSE Arca Rule 7.20-E(a) (Registration of Market Makers) and NYSE National Rule 7.20 (Registration of Market Makers), which similarly require that market makers on those exchanges be registered in a security and that the registration has not been suspended or cancelled. Both NYSE Arca Rule 7.20-E(a) and NYSE National Rule 7.20 are eligible for minor rule fines.<sup>6</sup>

Similarly, Rule 1210, which was adopted in October 2018,<sup>7</sup> sets forth the requirements for persons engaged in the investment banking or securities business of a member organization to be registered with the Exchange as a representative or principal in each category of registration appropriate to his or her functions and responsibilities as specified in Rule 1220. The Exchange proposes to add Rule 1210 to the list of minor rules in Rule 9217. The Exchange believes that having the ability to issue a minor rule fine for failing to comply with the registration requirements of Rule 1210 would be consistent with and complement the Exchange's current ability to issue minor rule fines

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<sup>5</sup> See NYSE American Rule 9217 (Rule 934NY); NYSE Arca Rules 10.12(h)(3) and 10.9217(e)(3). See note 4, *supra*.

<sup>6</sup> See NYSE Arca Rules 10.12(i)(5) and 10.9217(f)(5); NYSE National Rule 10.9217(d).

<sup>7</sup> See Securities Exchange Act Release No. 84336 (October 2, 2018), 83 FR 50727 (October 9, 2018) (SR-NYSE-2018-44).

for other registration violations (e.g., Rule 345).

Rule 3110 is the Exchange's supervision rule. The Exchange proposes to add subsections (a) and (b)(1) of Rule 3110, governing failure of a member organization to establish and maintain a supervisory system and failure to establish, maintain, and enforce written supervisory procedures, respectively, to Rule 9217. Failure to supervise individuals and accounts is currently eligible for minor rule fines in the rules of the Exchange's affiliate NYSE Arca.<sup>8</sup>

Finally, Rule 345 sets forth certain employee registration, approval and other exchange requirements, including the requirements pertaining to the registration of a securities lending representative, Securities Trader or direct supervisor thereof. Currently, the only violation of Rule 345 that is eligible for a minor rule fine is failure of a member organization to have individuals responsible and qualified for the position of Securities Lending Supervisor. The Exchange proposes that all of registration and other requirements set forth in Rule 345 be eligible for a minor rule fine. The proposed change would be consistent with the practice on the Exchange's affiliates whose comparable rule is eligible for a minor rule fine.<sup>9</sup>

#### Proposed Deletions from Rule 9217

The Exchange proposes to delete the following rules from Rule 9217 as obsolete:

- Rule 706, which was deleted in 2014.<sup>10</sup>

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<sup>8</sup> See NYSE Arca Rules 11.18 (Supervision), 10.12(j)(8) and 10.9217(g)(8).

<sup>9</sup> See, e.g., NYSE Arca Rules 2.24 (Registration—Employees of ETP Holders), 10.12(j)(11) and 10.9217(g)(11). See also NYSE National Rules 2.2 (Obligations of ETP Holders and the Exchange) and 10.9217(e).

<sup>10</sup> See Securities Exchange Act Release No. 72916 (August 26, 2014), 79 FR 52094 (September 2, 2014) (SR-NYSE-2014-44).

- Rule 312(h), which is marked “Reserved” in the Exchange’s rules and was deleted in 2010.<sup>11</sup>
- Rule 382(a). Rule 382 is also marked “Reserved” and was deleted in 2011.<sup>12</sup>
- Rule 791(c), which was also deleted in 2014.<sup>13</sup>
- Rules 352(b) & (c). Rule 352 is marked “Reserved” and was deleted in 2009.<sup>14</sup>
- Rule 392, which is also marked “Reserved” and was deleted in 2009.<sup>15</sup>
- Rule 410A, which was deleted in 2013.<sup>16</sup>
- Rule 445(4), which is marked “Reserved” and was deleted in 2009.<sup>17</sup>

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<sup>11</sup> See Securities Exchange Act Release No. 61557 (February 22, 2010), 75 FR 9472 (March 2, 2010) (SR-NYSE-2010-10). NYSE Rule 4110(c)(2), based on the comparable FINRA rule, incorporates Rule 312(h) in part. The Exchange is not proposing to add Rule 4110(c)(2) to Rule 9217.

<sup>12</sup> See Securities Exchange Act Release No. 64888 (July 14, 2011), 76 FR 43368 (July 20, 2011) (SR-NYSE-2011-33). NYSE Rule 4311, based on the comparable FINRA rule, was based in part on NYSE Rule 382. The Exchange is not proposing to add Rule 4311 to Rule 9217.

<sup>13</sup> See Release No. 72916, 79 FR at 52094.

<sup>14</sup> See Securities Exchange Act Release No. 61158 (December 11, 2009), 74 FR 67942 (December 21, 2009) (SR-NYSE-2009-123). Rule 352 was replaced by Rule 2150. Violations of Rule 2150(b) & (c) are currently eligible for a minor rule fine under Rule 9217.

<sup>15</sup> See Securities Exchange Act Release No. 59965 (May 21, 2009), 74 FR 25783 (May 29, 2009) (SR-NYSE-2009-25).

<sup>16</sup> See Securities Exchange Act Release No. 68678 (January 16, 2013), 78 FR 5213 (January 24, 2013) (SR-NYSE-2013-02) (Notice) (“Release No. 68678”); see also Securities Exchange Act Release No. 69045 (March 5, 2013), 78 FR 15394 (March 11, 2013) (SR-NYSE-2013-02) (Approval Order). Rule 410A was replaced by Rule 8211. Both rules were initially retained in Rule 9217, but there is no longer any reason to retain Rule 410A in Rule 9217.

<sup>17</sup> See Securities Exchange Act Release No. 61273 (December 31, 2009), 75 FR

The Exchange also proposes to correct a typographical error in Rule 9217. Rule 9217 refers to Rule 3010(a). The correct reference should be to Rule 3110(a), the Exchange's supervision rule, which was added to Rule 9217 in 2014.<sup>18</sup>

#### Eligible Fine Amounts

The maximum fine for minor rule violations under Rule 9216(b) is currently \$2,500. The maximum fine under the Exchange's legacy minor rule plan set forth in Rule 476A previously was \$5,000. In adopting its current disciplinary rules in 2013, the Exchange believed it appropriate to lower the maximum fine amount to achieve harmony with the rules of the Financial Industry Regulatory Authority ("FINRA").<sup>19</sup> The Exchange's affiliates NYSE American, NYSE National and NYSE Arca, however, have since harmonized their disciplinary rules with the Exchange and adopted or retained a \$5,000 maximum fine for minor rule violations.<sup>20</sup> The Exchange accordingly proposes to adopt the same maximum fine amount in order to harmonize the maximum fine level with its affiliated exchanges. The Exchange also proposes to adopt the same 24-month rolling period to calculate second and subsequent fines as that used by its affiliated exchanges.

To effectuate this change, the Exchange proposes to add the following fine chart contained in Rule 476A, the Exchange's legacy rule governing the imposition of minor

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1091 (January 8, 2010) (SR-NYSE-2009-134).

<sup>18</sup> See Securities Exchange Act Release No. 73554 (November 6, 2014), 79 FR 67508 (November 13, 2014) (SR-NYSE-2014-56).

<sup>19</sup> See Release No. 68678, 78 FR at 5226.

<sup>20</sup> For instance, the maximum fine for minor rule violations under NYSE Arca's legacy Minor Rule Plan set forth in Rule 10.12 is \$5,000. NYSE Arca retained the \$5,000 maximum when it adopted its new disciplinary rules. See NYSE Arca Rule 10.9217(a). See also NYSE American Rule 9217 & NYSE National Rule 10.9217.

rule fines, to Rule 9217:<sup>21</sup>

<u>Fine Amount</u>	<u>Individual</u>
First Time Fined	\$1,000
Second Time Fined**	\$2,500
Subsequent Fines**	\$5,000
<u>Fine Amount</u>	<u>Member Organization</u>
First Time Fined	\$2,500
Subsequent Fines**	\$5,000

\*\* Within a “rolling” 24-month period.

As noted, rather than the 12-month rolling period in Rule 476A, the Exchange proposes a 24-month “rolling” period from the date of the violation in order to harmonize with its affiliates.<sup>22</sup>

In order to add clarity to the Exchange’s rules, the Exchange also proposes to add a paragraph immediately before the proposed chart based on NYSE Arca Rule 10.9217(h) that sets forth how the beginning and end of the 24-month rolling period is to be determined. Except for references that reflect the Exchange’s membership and use of the phrase “minor rule violation plan letter” rather than “Notice of Minor Rule Plan

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<sup>21</sup> When the Exchange adopted Rule 9217 as part of its adoption of FINRA’s disciplinary rules, the Exchange retained the list of rules set forth in Rule 476A. See Release No. 69045, 78 FR at 15396. The Exchange did not retain the chart in Rule 476A because, as noted above, the maximum fine under Rule 476A previously was \$5,000.

<sup>22</sup> See NYSE Arca Rule 10.9217 (violations applied in a rolling 24-month period); NYSE American Rule 9217 (same).

Fine,” the paragraph is substantially the same as NYSE Arca Rule 10.9217(h).<sup>23</sup>

In order to further harmonize the Exchange’s rules with those of its affiliates, and because a fine of \$5,000 would exceed the maximum amount in Securities Exchange Act Rule 19d-1(c)(2) for a minor rule plan,<sup>24</sup> the Exchange proposes to change the titles of Rules 9216 and 9217. Specifically, the phrase “Plan Pursuant to SEA Rule 19d-1(c)(2)” would be replaced with “Procedure for Imposition of Fines for Minor Violation(s) of Rules” in the title of Rule 9216. The same phrase in Rule 9217 would be replaced with “Rule 9216(b).” The titles of both rules would thereby be the same as the titles of NYSE Arca Rules 10.9216 and 10.9217 and NYSE National Rules 10.9216 and 10.9217, respectively. The Exchange proposes to make similar conforming changes to Rule 9216(b)(1) by removing references to SEA Rule 19d-1(c)(2) and the maximum fine level of \$2,500, and by adding language specifying that the Exchange may impose a fine in accordance with the fine amounts and fine levels set forth in Rule 9217.

## 2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act,<sup>25</sup> in general, and furthers the objectives of Section 6(b)(5),<sup>26</sup> in particular, because it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable

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<sup>23</sup> Pursuant to the new paragraph the Exchange proposes to add to Rule 9217 based on NYSE Arca Rule 10.9217(d) discussed above, the Exchange is not required to impose a fine for a violation under its Minor Rule Plan. The Exchange may, at its discretion, bring formal disciplinary action against a member or associated person that has violated its rules.

<sup>24</sup> 17 CFR 240.19d-1(c)(2). The Exchange recognizes that fines exceeding \$2,500 would not be eligible for quarterly reporting under SEC Rule 19d-1(c). Fines that do not exceed \$2,500 would continue to be reported quarterly in compliance with SEC Rule 19d-1(c).

<sup>25</sup> 15 U.S.C. 78f(b).

<sup>26</sup> 15 U.S.C. 78f(b)(5).

principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, 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.

Minor rule fines provide a meaningful sanction for minor or technical violations of rules. The Exchange believes that the proposed rule change will strengthen the Exchange's ability to carry out its oversight and enforcement responsibilities in cases where full disciplinary proceedings are unwarranted in view of the minor nature of the particular violation. Specifically, the proposed rule change is designed to prevent fraudulent and manipulative acts and practices because it will provide the Exchange the ability to issue a minor rule fine for violations of its rules governing authorized traders, crossing orders, DMM registration and capital requirements, and general registration and supervision requirements in situations where a more formal disciplinary action may not be warranted or appropriate.

In addition, the Exchange believes that adding rules based on the rules of its affiliate to the Exchange's minor rule plan and the associated fine levels would promote fairness and consistency in the marketplace by permitting the Exchange to issue a minor rule fine for violations of substantially similar rules that are eligible for minor rule treatment on the Exchange's affiliate, thereby harmonizing minor rule plan fines across affiliated exchanges for the same conduct. Deletion of obsolete rules from the minor rule plan would thus remove impediments to and perfect the mechanism of a free and open market by ensuring that persons subject to the Exchange's jurisdiction, regulators, and the investing public can more easily navigate and understand the Exchange's rulebook.

Finally, in connection with the fine levels specified in the proposed rule change, adding clarifying language describing how the “rolling period” is determined would further the goal of transparency and add clarity to the Exchange’s rules. The Exchange believes that adding such clarifying language would also be consistent with the public interest and the protection of investors because investors will not be harmed and in fact would benefit from increased transparency, thereby reducing potential confusion.

The Exchange further believes that the proposed amendments to Rule 9217 are consistent with Section 6(b)(6) of the Act,<sup>27</sup> which provides that members and persons associated with members shall be appropriately disciplined for violation of the provisions of the rules of the exchange, by expulsion, suspension, limitation of activities, functions, and operations, fine, censure, being suspended or barred from being associated with a member, or any other fitting sanction. As noted, the proposed rule change would provide the Exchange ability to sanction minor or technical violations pursuant to the Exchange’s rules and would increase the amounts of fines in order for the Exchange to better deter violative activity.

**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. The proposed change is not designed to address any competitive issue but rather to update the Exchange’s rules to strengthen the Exchange’s ability to carry out its oversight and enforcement functions and deter potential violative conduct.

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<sup>27</sup> 15 U.S.C. 78f(b)(6).

The Exchange also believes that the proposed change to remove obsolete rules from the list of rules eligible for minor rule fines would not be inconsistent with the public interest and the protection of investors because investors will not be harmed and in fact would benefit from increased clarity and transparency, thereby reducing potential confusion.

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

Within 45 days of the date of publication of this notice in the Federal Register or up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) by order approve or disapprove the proposed rule change, or
- (B) institute proceedings to determine whether the proposed rule change should be disapproved.

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](mailto:rule-comments@sec.gov). Please include File Number SR-NYSE-2019-44 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-NYSE-2019-44. 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. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NYSE-2019-44 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.<sup>28</sup>

Eduardo A. Aleman  
Deputy Secretary

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<sup>28</sup> 17 CFR 200.30-3(a)(12).

Additions underlined.  
Deletions [bracketed].

Rules of New York Stock Exchange LLC

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**Rule 9216. Acceptance, Waiver, and Consent; [Plan Pursuant to SEA Rule 19d-1(c)(2)]Procedure for Imposition of Fines for Minor Violation(s) of Rules**

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**(b) Procedure for Imposition of Fines for Minor Violation(s) of Rules[Violation Under Plan Pursuant to SEA Rule 19d-1(c)(2)]**

(1) Notwithstanding Rule 9211, the Exchange may, subject to the requirements set forth in paragraphs (b)(2) through (b)(4)[ and in SEA Rule 19d-1(c)(2)], impose a fine in accordance with the fine amounts and fine levels set forth in Rule 9217 [(not to exceed \$2,500) ]and/or a censure on any member organization or covered person with respect to any rule listed in Rule 9217. If Enforcement has reason to believe a violation has occurred and if the member organization or covered person does not dispute the violation, Enforcement may prepare and request that the member organization or covered person execute a minor rule violation plan letter accepting a finding of violation, consenting to the imposition of sanctions, and agreeing to waive such member organization's or covered person's right to a hearing before a Hearing Panel or, if applicable, an Extended Hearing Panel, and any right of review by the Exchange Board of Directors, the SEC, and the courts, or to otherwise challenge the validity of the letter, if the letter is accepted. The letter shall describe the act or practice engaged in or omitted, the rule, regulation, or statutory provision violated, and the sanction or sanctions to be imposed. Unless the letter states otherwise, the effective date of any sanction(s) imposed will be a date to be determined by Regulatory Staff.

(2) - (4) No Change

**Rule 9217. Violations Appropriate for Disposition Under Rule 9216(b)[Plan Pursuant to SEA Rule 19d-1(c)(2)]**

Any member organization or covered person may be subject to a fine under Rule 9216(b) with respect to any rules listed below.

Nothing in this Rule shall require the Exchange to impose a fine for a violation of any rule under this Minor Rule Plan. If the Exchange determines that any violation is not minor in nature, the Exchange may, at its discretion, proceed under the Rule 9000 Series rather than under this Rule.

- Failure to comply with the Authorized Trader requirements of Rule 7.30.
- Rule 15 (Pre-Opening Indications) and Rule 15A (Order Protection Rule).
- Rule 35 requirement that employees of members and member organizations be registered with, qualified by, and approved by the Exchange before being admitted to the Trading Floor.
- Failure to notify the Exchange's Security Office and surrender Exchange-issued identification cards within 24 hours of Floor members' or employees' termination or reassignment, or cancellation of such identification cards, as required by Rule 35.80.
- Rule 36 provisions governing member and member organization communications between the Floor and other locations, the use and/or possession of portable or wireless communication or trading devices, and the proper handling and reporting of "give ups."
- Rule 60 requirements for dissemination of quotations for reported securities.
- Violation of the agency provisions of Rule 72(d).
- Rule 76 requirements for manual crossing of orders.
- Rule 91.10 requirements for a DMM to summon a representative of a firm who had entrusted an order with the DMM who has elected to take or supply for his or her account the securities named in the order to confirm the acceptance or rejection of such transaction.
- Rule 95 order identification requirements and prohibition of transactions which involve discretion on the Floor as to choice of security, total amount of security to be bought or sold or whether transaction is purchase or sale.
- Reporting rule violations (Rules 104A.50, 312(a), (b) & (c), 313, 345.12, 345.17, 440H, [706, ]4110.01, 4521, 4530 and 4560(a)).
- Rule 103(a)(i) provisions prohibiting a member organization from acting as a DMM unit on the Exchange in any security unless such member organization is registered in such security.
- Rule 103.11 requirements to keep and provide records to the Exchange with respect to the time DMMs and DMM clerks are on the Floor of the Exchange acting in those capacities.
- Rule 104 requirements for the dealings and responsibilities of DMMs.
- Rule 105 and Guidelines (DMMs' Interest in Pools, Options, and Single Stock Futures)

- Rule 116.30 requirement for DMM's stopping stock.
- Record retention rule violations (Rules 117, 121, 123, 123A.20, 345.11, 410, 432(a), 440, 440I and 472(d)).
- Failure to Time-Record Orders Received at the DMM's Post (Rule 121) and Failure to Time-Record Orders received at a Member's Booth from off the Floor (Rule 123).
- Failure of a member or member organization to use standardized Floor stationery as required by Rule 123A.23.
- Rule 123C - Failure to adhere to entry and cancellation procedures for limit-at-the-close and market-at-the-close orders.
- Rule 123D requirements for DMMs relating to openings, re-openings, delayed openings, and trading halts.
- Failure to utilize procedures of Rule 127 to satisfy all better priced limit orders when effecting block crosses outside the quote and failure to provide public orders an execution at the cross price when required by Rule 127 procedures.
- Failure to submit required trade data to comparison pursuant to Rule 130 within time periods determined by the Exchange.
- Failure to collect all audit trail data specified in Rule 132.
- Rule 134(c) and (e) requirement to comply with specified QT procedures and time periods.
- Failure to Obtain Exchange Approval Rule Violations (Rules 312[(h) & (i)], 382(a), 791(c),] and 4110).
- Failure of a member organization to have individuals responsible and qualified for the positions of Financial Principal, Operations Principal, Compliance Official, Branch Office Manager and Supervisory Analyst (Rules 342, 311(b)(5), 344, 3[0]110(a) and 3130(a)).
- [Failure of a member organization to have individuals responsible and qualified for the position of Securities Lending Supervisor (Rule 345(a)).]Failure to comply with the employee registration or other requirements of Rule 345.
- Rule 1210 requirement that each person engaged in the investment banking or securities business of a member organization be registered with the Exchange as a representative or principal in each category of registration appropriate to his or her functions and responsibilities as specified in Rule 1220.

- Failure to obtain employer's prior written consent for engaging in an outside activity as required by Rule 3270.
- Guaranteeing a customer's account against loss or sharing in profits or losses as prohibited by Rules [352(b) & (c), and ]2150(b) & (c).
- Rule 387 requirements for customer COD/POD transactions.
- Rule[s 392 and] 5190 notification requirements.
- Failure to establish and maintain a system to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable Exchange rules as required by Rule 3110(a).
- Failure to establish, maintain, and enforce written procedures to supervise the types of business in which it engages and the activities of its associated persons that are reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable Exchange rules as required by Rule 3110(b)(1).
- Failure to acknowledge customer complaint as required by Rule 3110(b)(5).
- Rule 407 requirements for transactions of employees of the Exchange, members or member organizations.
- Rule 407A reporting and notification requirements for members.
- Rule 408(a) requirement that written authorization be obtained for discretionary power in a customer's account.
- [Rule 410A and ]Rule 8211 requirements for automated submission of trading data.
- Rule 411(b) requirement to not combine the orders of several different customers to buy or sell odd-lots of the same stock, into a round-lot order, without the prior approval of the customers interested.
- Failure to transfer a customer securities account in accordance with the requirements of Rule 412 and the interpretations thereunder.
- Failure to promptly provide or promptly update required membership profile information through the Exchange's Electronic Filing Platform ("EFP"), or failure to electronically certify that required membership profile information is complete and accurate, as required by Rule 416A.
- Rule 440B short sale rule violations.
- Rule 440C failure to deliver against a short sale without diligent effort to borrow.

- Failure to designate and identify to the Exchange an Anti-Money Laundering contact person or persons as required by Rule[s 445(4) and] 3310(d).
- Rules 451 and 452 requirements relating to transmission of proxy material and authorizing the giving of proxies.
- Misstatements or omission of fact on submissions filed with the Exchange (Rule 476(a)(10)).
- Rule 460.30 notification requirements.
- Failure to submit books and records or to furnish information on the date or within the time period that the Exchange requires (Rules 476(a)(11) and 8210).
- Failure of new member to adhere to order execution supervision procedures during period the member is required to wear a temporary badge.
- Failure to adhere to procedures for automatic execution of orders under the NYSE DIRECT + ® facility (Rules 1000-1004).

The following fine schedule sets forth the amount of the fine(s) to be imposed. Except as noted below, the amount of the fine(s) shall be imposed at the First Level pursuant to the chart below. If another Minor Rule Plan Fine has been issued to the same member organization or covered person for the same or similar conduct violating the same rule (regardless of when paid) within 24 months from the date of occurrence of the violation(s) set forth in the current minor rule violation plan letter, then the fine(s) shall be imposed at the Second Level. If two or more separate minor rule violation plan letters have previously been issued to the same member organization or covered person for the same or similar conduct violating the same rule within 24 months from the date of occurrence of the violation(s) set forth in the current minor rule violation plan letter, then the fine(s) shall be imposed at the Third Level.

These fines are intended to apply to minor violations. For more serious violations, other disciplinary action may be sought.

<u>Fine Amount</u>	<u>Individual</u>
<u>First Time Fined</u>	<u>\$1,000</u>
<u>Second Time Fined**</u>	<u>\$2,500</u>
<u>Subsequent Fines**</u>	<u>\$5,000</u>
<u>Fine Amount</u>	<u>Member Organization</u>

<u>First Time Fined</u>	<u>\$2,500</u>
<u>Subsequent Fines</u> **	<u>\$5,000</u>

\*\* Within a "rolling" 24-month period.

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