

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-94764; File No. SR-NYSEArca-2022-22)

April 20, 2022

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Rule 6.37AP-O

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (the “Act”)² and Rule 19b-4 thereunder,³ notice is hereby given that, on April 8, 2022, NYSE Arca, Inc. (“NYSE Arca” or the “Exchange”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the 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 the Substance of the Proposed Rule Change

The Exchange proposes to amend Rule 6.37AP-O (Market Maker Quotations). The proposed rule change is available on the Exchange’s website at www.nyse.com, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

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 modify Rule 6.37AP-O to clarify the Exchange’s handling of certain Market Maker quotations on Pillar as set forth below.⁴

Rule 6.37AP-O(a)(1) provides that the term “quote” or “quotation” means “a bid or offer sent by a Market Maker that is not sent as an order,”⁵ and that “[a] quotation sent by a Market Maker will replace a previously displayed same-side quotation that was sent from the same order/quote entry port of that Market Maker.” Thus, under the current rule, any Market Maker quotations in a given option series would be replaced, i.e., “updated,” when that Market Maker sends a subsequent same-side quote in the same series from the same quote entry port.

The Exchange proposes to modify Rule 6.37AP-O(a)(1) to make clear that “[i]f multiple same-side quotations are submitted via the same quote entry port, the Exchange will display the Market Maker’s most recent same-side quotation.”⁶ This proposed additional detail is designed to clarify the Exchange’s handling of successive Market Maker quotations (from the same quote

⁴ Rule 6.37AP-O describes Market Maker quoting obligations, including defining “quotation,” describing the treatment of each such quotation, and specifying Market Maker and LMM quoting obligations. The Exchange notes that because it has not yet migrated to the Pillar platform, Rule 6.37A-O continues to apply to the Market Maker quotations, which rule is not being modified by this filing. At the time of this filing, the Exchange has not announced the planned migration date(s) for Pillar but will do so via Trader Update.

⁵ Rule 6.37AP-O(a)(2) provides that a Market Maker may designate either a Non-Routable Limit Order or an ALO Order as a quote and such quotes would be processed as described in Rule 6.62P-O(e).

⁶ See proposed Rule 6.37AP-O(a)(1).

entry port in the same side and series) should a Market Maker's quotations queue during a period of excessive message traffic. No system, including Pillar, has unlimited capacity. As such, the Exchange seeks to clarify that, should the Exchange be in receipt of multiple same-side quotations in the same series from the same Market Maker, the Exchange would display only the most recent quotation to ensure accurate representation of that Market Maker's quoting interest.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Securities Exchange Act of 1934 (the "Act"),⁷ in general, and furthers the objectives of Section 6(b)(5),⁸ 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.

The Exchange believes that the proposed rule change to specify the Exchange handling of successive quotations in the same option series would promote just and equitable principles of trade and remove impediments to and perfect the mechanism of a free and open market and a national market system and protect investors. This proposed additional detail would clarify the Exchange's handling of multiple Market Maker quotations (from the same quote entry port in the same side and series) should a Market Maker's quotations queue during a period of excessive message traffic. No system, including Pillar, has unlimited capacity. The Exchange therefore believes that displaying only the most recent Market Maker quote when it is in receipt of

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(5).

multiple same-side quotations in the same series from such Market Maker, would protect investors and the public interest by ensuring accurate representation of that Market Maker's quoting interest. The Exchange also believes that the proposed change would add clarity and transparency to Exchange rules making them easier to navigate and comprehend.

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 intended to address competition, but rather to clarify the Exchange's handling of certain Market Maker quotations. The proposed change would apply to all similarly-situated Market Makers and would inure to the benefit of all market participants because the proposed rule change is designed to ensure accurate representation of a Market Maker's quoting interest, particularly at times of excessive quote message traffic.

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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act⁹ and Rule 19b-4(f)(6) thereunder.¹⁰ Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the

⁹ 15 U.S.C. 78s(b)(3)(A)(iii).

¹⁰ 17 CFR 240.19b-4(f)(6).

protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹¹ and Rule 19b-4(f)(6)(iii) thereunder.¹²

At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B) of the Act¹³ to determine whether the proposed rule change should be approved or 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. Please include File Number SR-NYSEArca-2022-22 on the subject line.

¹¹ 15 U.S.C. 78s(b)(3)(A).

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

¹³ 15 U.S.C. 78s(b)(2)(B).

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-NYSEArca-2022-22. 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-NYSEArca-2022-22 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.¹⁴

J. Matthew DeLesDernier
Assistant Secretary

¹⁴ 17 CFR 200.30-3(a)(12).