

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-95945; File No. SR-NYSEAMER-2022-44)

September 29, 2022

Self-Regulatory Organizations; NYSE American LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Permit the Exchange to Declare a Regulatory Halt

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 September 23, 2022, NYSE American LLC (“NYSE American” 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 Substance of the Proposed Rule Change

The Exchange proposes to permit the Exchange to declare a regulatory halt in a security that has not been listed on a national securities exchange immediately prior to the initial pricing based on the rules of its affiliate New York Stock Exchange LLC. 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 Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to permit the Exchange to declare a regulatory halt in a security that has not been listed on a national securities exchange immediately prior to the initial pricing based on the rules of its affiliate New York Stock Exchange LLC (“NYSE”). More specifically, the Exchange proposes to add a new subsection (e) to Rule 7.18E (Halts) that would, except for a non-substantive conforming change, be identical to subsection (d) of NYSE Rule 123D (Halts in Trading).

Overview

Rule 7.18E governs halts in trading on the Pillar trading platform, and how orders are processed during halts, suspensions, or pauses. Rule 7.18E was adopted in connection with the Exchange’s transition from a floor-based market to a fully automated market on the Pillar trading platform. At the time, halts were governed by Rule 123D - Equities (Openings and Halts in Trading), which was in turn based on NYSE Rule 123D.⁴ In 2017, Rule 123D - Equities was designated as inapplicable to trading on Pillar and deleted in its entirety.⁵

The NYSE adopted its version of Rule 7.18 governing halts on the Pillar trading platform in 2015. In 2017, NYSE Rule 123D was designated as inapplicable to trading in Pillar.

⁴ See Securities Exchange Act Release Nos. 80590 (May 4, 2017), 82 FR 21843 (May 10, 2017) and 79993 (February 9, 2017), 82 FR 10814 (February 15, 2017) (SR-NYSEMKT-2017-01).

⁵ See Securities Exchange Act Release No. 82212 (December 4, 2017), 82 FR 58036 (December 8, 2017) (SR-NYSEAmer-2017-34).

Following completion of the transition to Pillar in August 2019, the NYSE deleted NYSE Rule 123D as obsolete, but retained subsection (d), among others, governing initial listing regulatory halts.⁶ As described below, the Exchange now proposes to adopt subsection (d) of NYSE Rule 123D.

Proposed Rule Change

The Exchange proposes to amend Rule 7.18E to adopt a regulatory halt condition for initial Exchange listings based on NYSE Rule 123D(d).

As proposed, new Rule 7.18E(d) would be titled “Initial Listing Regulatory Halt.” The proposed rule would provide that Exchange may declare a regulatory halt in a security that is the subject of an initial pricing on the Exchange of a security that has not been listed on a national securities exchange immediately prior to the initial pricing, and that the regulatory halt will be terminated when the security opens. The rule is identical to NYSE Rule 123D(d) except for the removal of the reference to the Designated Market Maker (“DMM”) opening the security since NYSE American DMMs are not responsible for opening or closing individual securities on the Exchange. The Exchange believes that it would be consistent with the protection of investors and the public interest for the Exchange, as a primary listing exchange, to have the limited authority to declare a regulatory halt for security that is the subject of an initial pricing on the Exchange of a security that has not been listed on a national securities exchange immediately prior to the initial pricing.

⁶ See Securities Exchange Act Release Nos. 85962 (May 29, 2019), 84 FR 26188 (June 5, 2019) and 81225 (July 27, 2017), 82 FR 36033 (August 2, 2017) (SR-NYSE-2017-35); Securities Exchange Act Release No. 90750 (December 21, 2020), 85 FR 85769 (December 29, 2020) (SR-NYSE-2020-101). Rule 123D was also renamed “Halts in Trading” in 2020. See *id.*

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of 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. Specifically, the Exchange believes that proposed Rule 7.18E(e) would remove impediments to and perfect the mechanism of a free and open market and a national market system because it would provide the Exchange with the authority to declare a regulatory halt in a security that the subject of an initial pricing on the Exchange of a security that has not previously been listed on a national securities exchange immediately prior to the initial pricing. The Exchange believes that permitting the Exchange to declare a regulatory halt in such securities before trading on the Exchange begins would promote fair and orderly markets and, in the case of securities where the initial listing is not a transfer from another national securities exchange, avoid potential price disparities or anomalies that may occur during any trading before the first transaction on the primary listing exchange. The Exchange therefore believes that having the proposed authority to declare a regulatory halt is consistent with the protection of investors and the public interest and would promote fair and orderly markets by helping to protect against volatility in pricing before the initial transaction on the primary listing exchange.

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(5).

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 Exchange believes that the benefit to investors to halt trading in a security before the initial listing on the primary listing exchange outweighs any burden on competition that may result from a regulatory halt in such security.

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 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 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

⁹ 15 U.S.C. 78s(b)(3)(A)(iii).

¹⁰ 17 CFR 240.19b-4(f)(6).

¹¹ 15 U.S.C. 78s(b)(3)(A).

¹² 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) 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.

A proposed rule change filed under Rule 19b-4(f)(6)¹³ normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),¹⁴ the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing.

The Commission believes that waiver of the operative delay is consistent with the protection of investors and the public interest because it will, without delay, permit the Exchange to initiate a regulatory halt in a security that is the subject of an initial pricing on the exchange in order to promote fair and orderly markets and avoid potential price disparities or anomalies. Accordingly, the Commission hereby waives the 30-day operative delay and designates the proposal operative upon filing.¹⁵

At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B)¹⁶ of the Act to determine whether the proposed rule change should be approved or disapproved.

¹³ 17 CFR 240.19b-4(f)(6).

¹⁴ 17 CFR 240.19b-4(f)(6)(iii).

¹⁵ For purposes only of accelerating the operative date of this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

¹⁶ 15 U.S.C. 78s(b)(2)(B).

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-NYSEAMER-2022-44 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-NYSEAMER-2022-44. 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-NYSEAMER-2022-44, 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.¹⁷

J. Matthew DeLesDernier

Deputy Secretary

¹⁷ 17 CFR 200.30-3(a)(12).