

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-85145; File No. SR-NYSE-2019-03)

February 14, 2019

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to (1) Delete Dealings and Settlements (Rule 45-299C), Rule 235 (Ex-Dividend, Ex-Rights), Rule 236 (Ex-Warrants), and Rule 257 (Deliveries After “Ex” Date) And (2) Amend Dealings and SettlementsT (Rule 45-299C), Rule 235T (Ex-Dividend, Ex-Rights), Rule 236T (Ex-Warrants), and Rule 257T (Deliveries After “Ex” Date)

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 February 4, 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 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 (1) delete Dealings and Settlements (Rule 45-299C), Rule 235 (Ex-Dividend, Ex-Rights), Rule 236 (Ex-Warrants), and Rule 257 (Deliveries After “Ex” Date) and (2) amend Dealings and SettlementsT (Rule 45-299C), Rule 235T (Ex-Dividend, Ex-Rights), Rule 236T (Ex-Warrants), and Rule 257T (Deliveries After “Ex” Date) to reflect the standard settlement cycle in Securities Exchange Act Rule 15c6-1(a). The proposed rule

¹ 15 U.S.C.78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

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 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) delete Dealings and Settlements (Rule 45-299C), Rule 235 (Ex-Dividend, Ex-Rights), Rule 236 (Ex-Warrants), and Rule 257 (Deliveries After "Ex" Date) and (2) amend Dealings and SettlementsT (Rule 45-299C), Rule 235T (Ex-Dividend, Ex-Rights), Rule 236T (Ex-Warrants), and Rule 257T (Deliveries After "Ex" Date) to reflect the standard settlement cycle in Securities Exchange Act (the "Act") Rule 15c6-1(a) ("Rule 15c6-1(a)").

Background

On September 28, 2016, the Securities and Exchange Commission ("SEC") proposed amendments to Rule 15c6-1(a) to shorten the standard settlement cycle from T+3 to T+2.⁴

⁴ See Securities Exchange Act Release No. 78962 (September 28, 2016), 81 FR 69240 (October 5, 2016) (File No. S7-22-16).

The amendment was adopted on March 22, 2017, with a compliance date of September 5, 2017.⁵

In response, the Exchange adopted new rules with the modifier “T” to reflect a T+2 settlement cycle.⁶ Because the Exchange would not implement the new rules until after the final implementation of T+2, the Exchange retained the versions of the rules reflecting T+3 settlement on its books. Certain of these rules were deleted in connection with the Exchange’s elimination of non-regular way trading.⁷

In order to reduce the potential for confusion regarding which version of the rule governs, the Exchange added explanatory preambles. In particular, the following preamble was added to Dealings and Settlements, Rule 235, Rule 236 and Rule 257:

“This version of ... will remain operative until the Exchange files separate proposed rule changes as necessary to establish the operative date of..., to delete this version of ... and preamble, and to remove the preamble text from the version of In addition to filing the necessary proposed rule changes, the Exchange will announce via Information Memo the operative date of the deletion of this Rule and implementation of ...”

The following preamble was added to Dealings and SettlementsT, Rule 235T, Rule 236T and Rule 257T:

⁵ See Securities Exchange Act Release No. 80295 (March 22, 2017), 82 FR 15564 (March 29, 2017) (File No. S7-22-16).

⁶ See Securities Exchange Act Release No. 80021 (February 10, 2017), 82 FR 10931 (February 16, 2017) (SR-NYSE-2016-87).

⁷ See Securities Exchange Act Release No. 81176 (July 20, 2017), 82 FR 34728 (July 26, 2017) (SR-NYSE-2017-33).

“The Exchange will file separate proposed rule changes to establish the operative date of ..., to delete ... and the preamble text from ..., and to remove the preamble text from the version of Until such time, ... will remain operative. In addition to filing the necessary proposed rule changes, the Exchange will announce via Information Memo the implementation of this Rule and the operative date of the deletion of ...”

In July 2017, the Exchange (1) deleted Rule 282.65 and Section 703.02(part2) of the Listed Company Manual; (2) deleted the preamble and “T” modifier from Rule 282.65T and Section 703.02T of the Listed Company Manual; and (3) established the operative date of Rule 282.65T and Section 703.02T of the Listed Company Manual.⁸ As part of that filing, the Exchange inadvertently omitted Dealings and Settlements and Dealings and SettlementsT, Rule 235 and Rule 235T, Rule 236 and Rule 236T, and Rule 257 and Rule 257T.

Proposed Rule Change

In order to reflect the September 5, 2017 transition to T+2 settlement in its rulebook, the Exchange proposes to:

- delete Dealings and Settlements, Rule 235, Rule 236, and Rule 257, including the preambles, in their entirety as obsolete;
- delete the obsolete “T” modifier in Dealings and SettlementsT, Rule 235T, Rule 236T, and Rule 257T; and
- delete the preambles to Dealings and SettlementsT, Rule 235T, Rule 236T, and Rule 257T, which distinguished such rules from the T+3 rules, as obsolete.

⁸ See Securities Exchange Act Release No. 81231 (July 27, 2017), 82 FR 36008 (August 2, 2017) (SR-NYSE-2017-38).

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,⁹ in general, and further the objectives of Section 6(b)(5) of the Act,¹⁰ in particular, because it is designed to prevent fraudulent and manipulative acts and practices, promote just and equitable principles of trade, 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.

In particular, the Exchange believes that the proposed changes remove impediments to and perfect the mechanism of a free and open market by adding clarity as to which rules are operative and when, thereby reducing potential confusion, and making the Exchange's rules easier to navigate. The Exchange also believes that eliminating obsolete material from its rulebook also removes impediments to and perfects the mechanism of a free and open market by removing confusion that may result from having obsolete material in the Exchange's rulebook. The Exchange believes that eliminating such obsolete material 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 transparency, thereby reducing potential confusion.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change would 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

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(5).

serve to promote clarity and consistency, thereby reducing burdens on the marketplace and facilitating investor protection.

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

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 for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act¹¹ and Rule 19b-4(f)(6) thereunder.¹²

A proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act¹³ normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)(iii)¹⁴ permits the Commission to 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. According to the Exchange, waiver would allow the Exchange to conform the rule to the current settlement cycle and eliminate outdated references to the T+3

¹¹ 15 U.S.C. 78s(b)(3)(A).

¹² 17 CFR 240.19b-4(f)(6). As required under Rule 19b-4(f)(6)(iii), the Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and the 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.

¹³ 17 CFR 240.19b-4(f)(6).

¹⁴ 17 CFR 240.19b-4(f)(6)(iii).

settlement cycle without undue delay. The Commission believes that the proposed rule change raises no new or novel issues and that waiver of the operative delay is consistent with the protection of investors and the public interest. Therefore, the Commission hereby waives the operative delay and designates the proposal operative upon filing.¹⁵

At any time within 60 days of the filing of the 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 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-NYSE-2019-03 on the subject line.

Paper comments:

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and

¹⁵ For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NYSE-2019-03. 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-2019-03 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.¹⁶

Eduardo A. Aleman
Deputy Secretary

¹⁶ 17 CFR 200.30-3(a)(12).