

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-85913; File No. SR-NYSE-2019-27)

May 22, 2019

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend the Independence Policy of the Board of Directors of the Exchange

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on May 13, 2019, New York Stock Exchange LLC (“NYSE” or the “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange filed the proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act³ and Rule 19b-4(f)(6) thereunder.⁴ 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 amend the Independence Policy of the Board of Directors of the Exchange (“Independence Policy”) by removing obsolete and unused references and making other non-substantive changes. 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.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b-4(f)(6).

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 Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend the Independence Policy by removing obsolete and unused references and making other non-substantive changes.

Pursuant to rule changes, NYSE American LLC (“NYSE American”) no longer has allied members⁵ and NYSE Arca, Inc. (“NYSE Arca”) no longer has allied persons.⁶ Accordingly, the Exchange proposes to delete the obsolete references to allied members and allied persons in the Independence Policy. Specifically, it proposes to:

- Delete the following text from category 1(b) of “Independence Qualifications”:
“‘allied members’ (as defined in Rule 23 of NYSE American LLC), ‘allied persons’ (as defined in Rule 1.1(b) of NYSE Arca, Inc.’”; and

⁵ See Securities Exchange Act Release No. 84724 (December 6, 2018), 83 FR 63969 (December 12, 2018) (SR-NYSEAMER-2018-54) (notice of filing and immediate effectiveness of proposed amendments to the NYSE American rules to delete references to the term “Allied Member”).

⁶ See Securities Exchange Act Release No. 84857 (December 19, 2018), 83 FR 66824 (December 27, 2018) (SR-NYSEARCA-2018-97) (notice of filing and immediate effectiveness of proposed amendments to delete references to the term “Allied Person” from the NYSE Arca rules).

- Delete the references to allied members and allied persons from the title “Members, Allied Members, Allied Persons and Approved Persons” and the accompanying paragraph.

The Exchange proposes to revise statement 5 under “Independence Qualifications” to delete the references to NYSE Arca and the Chicago Stock Exchange, Inc. (now NYSE Chicago, Inc. (“NYSE Chicago”)), as under the proposed changes they are not referenced by name elsewhere in the text.⁷ The Exchange would add “or” before “NYSE National, Inc.”

In a non-substantive administrative change, the Exchange proposes to add the title “Approval and Adoption” and a sentence setting forth the dates that the Board of Directors of the Exchange approved and adopted the Independence Policy and the date it became effective.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Exchange Act⁸ in general, and with Section 6(b)(5) in particular,⁹ because the proposed rule change would be consistent with and facilitate a governance and regulatory structure that 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.

⁷ Each of NYSE Arca and NYSE Chicago would continue to be an “Exchange” as defined in the Independence Policy under “Purpose.”

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(5).

The Exchange believes that the proposed change would remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, protect investors and the public interest because the changes would remove obsolete references to allied persons and allied members, thereby adding clarity and transparency to the Independence Policy by removing any confusion that may result if the Independence Policy retained such obsolete references. Similarly, it would make the Independence Policy more consistent with the rules of NYSE American and NYSE Arca, thereby ensuring that persons subject to the Exchange's jurisdiction, regulators, and the investing public can more easily navigate and understand the Independence Policy.

The Exchange believes that the proposed amendments to the Independence Policy would remove impediments to and perfect the mechanism of a free and open market and a national market system by adding clarity and transparency to the Independence Policy through removing unused references to NYSE Arca and NYSE Chicago. Each of NYSE Arca and NYSE Chicago would continue to be an “Exchange” as defined in the Independence Policy under “Purpose.” Similarly, the Exchange believes that adding the date on which the Independence Policy was approved and adopted and the date on which it became effective would add clarity and transparency to the Independence Policy. The Exchange further believes that market participants would benefit from the increased clarity, thereby reducing potential confusion.

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 Exchange Act. The proposed rule change is not intended to address competitive issues but rather is concerned solely with amending the Independence Policy to remove obsolete references and make other non-substantive changes.

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 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 for 30 days after the date of the filing, or such shorter time as the Commission may designate, it has become effective pursuant to 19(b)(3)(A) of the Act¹⁰ and Rule 19b-4(f)(6)¹¹ thereunder.

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 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:

¹⁰ 15 U.S.C. 78s(b)(3)(A).

¹¹ 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 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.

- 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-2019-027 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-2019-027. 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-2019-027 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.¹²

Eduardo A. Aleman
Deputy Secretary

¹² 17 CFR 200.30-3(a)(12).