

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-79078; File No. SR-NYSEArca-2016-135)

October 11, 2016

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending Its Rules to Remove Definitions and Trading Rules That Are No Longer Operative After the Completed Full Migration of All Symbols to the Pillar Trading Platform

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 28, 2016, NYSE Arca, Inc. (the “Exchange” or “NYSE Arca”) 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 amend its rules to remove definitions and trading rules that are no longer operative after the completed full migration of all symbols to the Pillar trading platform. 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.

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

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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.

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 amend its rules to remove definitions and trading rules that are no longer operative after the completed full migration of all symbols to the Pillar trading platform. The Exchange proposes to delete superseded rules that were applicable only to the prior trading system and to delete the “P” modifier that distinguished the Pillar trading rules from the now obsolete rules.

On April 30, 2015, the Exchange filed the first of four proposed rule changes (the “first Pillar filing”) to adopt new equity trading rules to reflect the implementation of Pillar, the Exchange’s new integrated trading technology platform designed to use a single specification for connecting to the equities and options markets operated by NYSE Arca and its affiliates, New York Stock Exchange LLC and NYSE MKT LLC.<sup>4</sup> The Commission approved the first Pillar filing, including the interim use of the “P” modifier;<sup>5</sup> and subsequently also approved the successive Pillar proposed rule filings.<sup>6</sup>

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<sup>4</sup> See Securities Exchange Act Release No. 74951 (May 13, 2015), 80 FR 28721 (May 19, 2015) (SR-NYSEARCA-2015-38) (notice of filing of proposed rule change adopting new equity trading rules relating to trading sessions, order ranking and display, and order execution, and the use of the “P” modifier).

<sup>5</sup> See Securities Exchange Act Release No. 75494 (July 20, 2015), 80 FR 44170 (July 24, 2015) (SR-NYSEARCA-2015-38) (approval of proposed rule change adopting new equity trading rules relating to trading sessions, order ranking and display, and order execution, and the use of “P” modifier).

<sup>6</sup> See Securities Exchange Act Release No. 76198 (October 20, 2015), 80 FR 65274 (October 26, 2015) (SR-NYSEArca-2015-58) (approval of proposed rule change and order granting accelerated approval of amendment 1 thereto adopting new equity trading rules relating to trading halts, short sales, limit up-limit down, and odd lots and mixed

In the first Pillar filing, the Exchange anticipated rolling out the new Pillar technology platform over a period of time based upon a range of symbols. Consequently, the Exchange also proposed that it would continue to operate under its then-current trading rules for symbols that had not yet migrated to Pillar, pending the complete migration of all symbols to Pillar and the retirement of the old trading system. As proposed, the new rules governing trading on Pillar would have the same numbering as current rules, but with the modifier “P” appended to the rule number during this interim period. In addition, the Exchange proposed adding to its rulebook new “P” definitions and introductory Pillar rule text. Once all symbols had migrated to the Pillar platform, the Exchange would file a rule proposal to delete the obsolete rules, definitions and introductory Pillar rule text that were no longer operative, as well as the “P” modifiers that distinguished the interim rules.<sup>7</sup>

The migration of all symbols to Pillar having been completed, the Exchange now proposes to amend its rules to delete the rules, definitions and introductory rule text that are no longer operative or necessary, as well as the “P” modifiers. The Exchange believes that removing the obsolete references that no longer have any impact on trading would add greater clarity to its rules and promote market transparency and efficiency. The rule filing history for Exchange rules that is maintained on the Exchange’s website will reflect the prior rule filing history of the deleted trading rule in order to further promote clarity and transparency.

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lots); Securities Exchange Act Release No. 76267 (October 26, 2015), 80 FR 66951 (October 30, 2015) (SR-NYSEArca-2015-56) (approval of proposed rule change and order granting accelerated approval of amendments 1 and 2 thereto adopting new equity trading rules relating to orders and modifiers and the retail liquidity program); Securities Exchange Act Release No. 76869 (January 11, 2016), 81 FR 2276 (January 15, 2016) (SR-NYSEArca-2015-86) (approval of proposed rule change and order granting accelerated approval of amendments 1 and 3 adopting new equity trading rules relating to auctions).

<sup>7</sup> See supra Note 5 at 44171.

Specifically, the Exchange proposes within the “Rule 1 Definitions” section of the rule book:

- Deleting the introductory language that explained the use of the “P” modifier;
- Deleting the obsolete definition “NYSE Arca Book”, that now has been superseded by the equivalent Pillar definition, and deleting the “P” modifier in the remaining Pillar definition;
- Deleting the definition “Imbalance” that was linked to former Rule 7.35;
- Deleting the definition “Indicative Match Price” that also was linked to former Rule 7.35;
- Deleting the definition “NOW Recipient”, that now has been superseded by the equivalent Pillar definition of “Away Market”, and deleting the “P” modifier in the remaining Pillar definition; and
- Deleting the “P” modifier in the definition “Official Closing Price”.

Specifically, the Exchange proposes within the “Rule 7 Equities Trading” section of the rule book:

- Deleting the preamble following Rule 7 that explains the use of the “P” modifier;
- Deleting obsolete Rule 7.10 “Clearly Erroneous Executions” that has been superseded by the equivalent Pillar Rule 7.10P of the same caption, deleting the “P” modifiers in the remaining rule;
- Deleting obsolete Rule 7.11 “Limit Up–Limit Down Plan and Trading Pauses in Individual Securities Due to Extraordinary Market Volatility”

that has been superseded by the equivalent Pillar Rule 7.11P of the same caption, deleting the “P” modifiers in the remaining rule;

- Deleting obsolete Rule 7.16 “Short Sales” that has been superseded by the equivalent Pillar Rule 7.16P of the same caption, deleting the “P” modifier in the remaining rule;
- Deleting obsolete Rule 7.18 “UTP Regulatory Halts” that has been superseded by the equivalent Pillar Rule 7.18P “Halts”, deleting the “P” modifier in the remaining rule;
- Deleting obsolete Rule 7.31 “Orders and Modifiers” that has been superseded by the equivalent Pillar Rule 7.31P of the same caption, deleting the “P” modifiers in the remaining rule;
- Deleting obsolete Rule 7.34 “Trading Sessions” that has been replaced by the equivalent Pillar Rule 7.34P of the same caption, deleting the “P” modifiers in the remaining rule;
- Deleting obsolete Rule 7.35 “Auctions” that has been superseded by the equivalent Pillar Rule 7.35P of the same caption, deleting the “P” modifiers in the remaining rule;
- Deleting obsolete Rule 7.36 “Order Ranking and Display” that has been superseded by the equivalent Pillar Rule 7.36P of the same caption, deleting the “P” modifiers in the remaining rule;
- Deleting obsolete Rule 7.37 “Order Execution” that has been superseded by the equivalent Pillar Rule 7.37P “Order Execution and Routing”, deleting the “P” modifiers in the remaining rule;

- Deleting obsolete Rule 7.38 “Odd and Mixed Lots” that has been superseded by the equivalent Pillar Rule 7.38P of the same caption, deleting the “P” modifiers in the remaining rule; and
- Deleting obsolete Rule 7.44 “Retail Liquidity Program” that has been superseded by the equivalent Pillar Rule 7.44P of the same caption, deleting the “P” modifiers in the remaining rule.

## 2. Statutory Basis

The proposed rule changes are consistent with Section 6(b) of the Act,<sup>8</sup> in general, and further the objectives of Section 6(b)(5) of the Act,<sup>9</sup> in particular, in that they are 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, and 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.

In particular, the Exchange believes that amending its rules to remove definitions and trading rules that are no longer operative after the completed full migration of all symbols to the Pillar trading system would promote the protection of investors and the public interest because it would promote clarity and transparency in Exchange rules governing what rules govern trading on the Exchange. The Exchange further believes that deleting superseded rules that were applicable only to the prior trading system, and deleting the “P” modifier that distinguished the Pillar trading rules from the now obsolete rules during this transitional period to a single trading platform and a single set of rules governing trading, would remove impediments to and perfect

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<sup>8</sup> 15 U.S.C. 78f(b).

<sup>9</sup> 15 U.S.C. 78f(b)(5).

the mechanism of a national market system because these proposed changes would add greater clarity to the Exchange's rules and promote market transparency and efficiency.

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 rule change is not designed to address competitive issues but rather is designed to ensure a fair and orderly market by removing definitions and trading rules that are no longer operative after the completed full migration of all symbols to the Pillar trading system. As such, the proposed rule changes are intended to promote greater efficiency and transparency concerning trading on the Exchange.

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 Act<sup>10</sup> and Rule 19b-4(f)(6) thereunder.<sup>11</sup>

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<sup>10</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>11</sup> 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.

A proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act<sup>12</sup> normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)(iii)<sup>13</sup> 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. The Exchange stated that waiver of the operative delay is consistent with the protection of investors and the public interest because it has completed its transition to a single trading platform and such waiver would permit the Exchange to immediately provide enhanced transparency in Exchange rules regarding equities trading. The Commission believes the 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.<sup>14</sup>

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.

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<sup>12</sup> 17 CFR 240.19b-4(f)(6).

<sup>13</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>14</sup> 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).

#### 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-NYSEArca-2016-135 on the subject line.

##### Paper comments:

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

All submissions should refer to File Number SR-NYSEArca-2016-135. 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 such filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the

Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NYSEArca-2016-135, 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>15</sup>

Robert W. Errett  
Deputy Secretary

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<sup>15</sup> 17 CFR 200.30-3(a)(12).