

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-79594; File No. SR-NYSEArca-2016-164)

December 19, 2016

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending NYSE Arca Rule 3.2 and NYSE Arca Equities Rules 1.1, 3.2, 10.3, 10.8, 10.13, and 14

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (“Act”)<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that, on December 8, 2016, NYSE Arca, Inc. (“Exchange” or “NYSE Arca”) 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 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proposes to amend NYSE Arca Rule 3.2 and NYSE Arca Equities Rules 1.1, 3.2, 10.3, 10.8, 10.13, and 14 to delete outdated references. 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 places

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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.

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The Exchange proposes to amend the following rules to delete outdated references to the “NYSE Arca Board of Governors” in NYSE Arca Rule 3.2 and NYSE Arca Equities Rules 1.1, 3.2, 10.3, 10.8, 10.13, and 14.

In 2016, the Exchange amended, among other rules, Rule 10.8 in order to establish a Committee for Review (“CFR”) as a sub-committee of the Regulatory Oversight Committee (“ROC”).<sup>4</sup> When the Exchange’s CFR was created, NYSE Arca Equities Rules 10.3 (Ex Parte Communications), 10.12 (Minor Rule Plan) and 10.13 (Hearing and Review of Decisions) were amended to replace outdated references to the “NYSE Arca Board of Governors” with the “NYSE Arca Board of Directors.”<sup>5</sup> However, outdated references to the “NYSE Arca Board of Governors” in NYSE Arca Rule 3.2 and NYSE Arca Equities Rules 1.1, 3.2, 10.3, 10.8, 10.13, and 14 were inadvertently omitted. The Exchange accordingly proposes to replace references to “Governors” with “Directors” in these rules as follows:

- NYSE Arca Rule 3.2 (Options Committees) governs the organization, structure and membership of NYSE Arca Options committees. NYSE

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<sup>4</sup> See Securities Exchange Act Release No. 77898 (May 24, 2016), 81 FR 34404 (May 31, 2016) (SR-NYSEArca-2016-11). Specifically, the Exchange amended NYSE Arca Equities Rule 10.8(a) and (b) to replace references to the NYSE Arca Equities Board Appeals Committee with references to the “Committee for Review” or “CFR” and to replace references to the “Appeals Panel” with the “CFR Appeals Panel.” See *id.*, 81 FR at 34406. NYSE Arca Equities Rule 10.8(a) and (b) did not contain references to the “NYSE Arca Board of Governors.”

<sup>5</sup> See *id.*, 81 FR at 34406.

Arca Rule 3.2(b) sets forth the eligibility requirements for three [sic] specific Options Committees, including the Nominating Committee which is governed by Rule 3.2(b)(2). The Exchange proposes one replacement of “Governors” with “Directors” in subsection (C)(i) of Rule 3.2(b)(2).

- NYSE Arca Equities Rule 1.1(n) defines ETP Holder and describes ETP Holder’s limited voting rights to, among other things, nominate directors to the Board of Directors of NYSE Arca. The Exchange proposes to replace “Governor” and “Governors” with “Director” and “Directors,” respectively, in NYSE Arca Equities Rule 1.1(n).
- NYSE Arca Equities Rule 3.2 (Equity Committees) governs the organization, structure and membership of NYSE Arca Equities committees. NYSE Arca Equities Rule 3.2(b) sets forth the eligibility requirements for three [sic] specific Options Committees [sic], including the Nominating Committee which is governed by Rule 3.2(b)(2). The Exchange proposes one replacement of “Governors” with “Directors” in subsection (C)(ii) of Rule 3.2(b)(2). The Exchange also proposes a non-substantive change to delete “the” before “NYSE Arca, Inc.” in the last section of subsection (C)(ii).
- Subsection (a) of NYSE Arca Equities Rule 10.3 (Ex Parte Communications) governs certain prohibited communications. The Exchange proposes to replace “Governors” with “Directors” in NYSE Arca Equities Rule 10.3(a)(2)(e) and in NYSE Arca Equities Rule 10.3(a)(3)(d).

- NYSE Arca Equities Rule 10.8 (Review) governs review of review [sic] of disciplinary decisions. The Exchange proposes three replacements of “Governors” with “Directors” in subsection (c) of NYSE Arca Equities Rule 10.8, and two replacements of “Governors” with “Directors” in subsection (d).
- NYSE Arca Equities Rule 10.13 (Hearings and Review of Decisions) sets forth procedures for persons aggrieved by certain Exchange actions to seek review of those actions. The Exchange proposes three replacements of “Governors” with “Directors” in subsection (k) of NYSE Arca Equities Rule 10.13.
- Finally, the Exchange proposes one replacement of “Governors” with “Directors” in NYSE Arca Equities Rule 14.1 (NYSE Arca, Inc.), which sets forth the plan of delegation of functions by NYSE Arca to NYSE Arca Equities.

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Exchange Act<sup>6</sup> in general, and with Section 6(b)(5)<sup>7</sup> in particular, in 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, and to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, help to protect investors and the public interest.

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<sup>6</sup> 15 U.S.C. 78f(b).

<sup>7</sup> 15 U.S.C. 78f(b)(5).

Specifically, the Exchange believes that replacing outdated references to “Governors” with “Directors” in the phrase “NYSE Arca Board of Governors” and one reference to a “Governor” with “Director” in the NYSE Arca and NYSE Arca Equities Rules removes impediments to and perfects the mechanism of a free and open market by removing confusion that may result from having obsolete references in the Exchange’s rulebook. The Exchange further believes that the proposal removes impediments to and perfects the mechanism of a free and open market by ensuring that persons subject to the Exchange’s jurisdiction, regulators, and the investing public can more easily navigate and understand the Exchange’s rulebook. The Exchange believes that eliminating obsolete references 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. Removing such obsolete references will also further the goal of transparency and add clarity to the Exchange’s rules.

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 to delete obsolete references, thereby increasing transparency, reducing confusion, and making the Exchange’s rules easier to understand and navigate.

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>8</sup> and Rule 19b-4(f)(6) thereunder.<sup>9</sup>

A proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act<sup>10</sup> normally does not become operative for 30 days after the date of the filing. However, Rule 19b-4(f)(6)(iii)<sup>11</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 notes that the proposed rule change would delete obsolete references, which would reduce confusion and add clarity to its rulebook. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest. Therefore, the Commission hereby waives the operative delay and designates the proposed rule change operative upon filing.<sup>12</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

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<sup>8</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>9</sup> 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 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. The Exchange has satisfied this requirement.

<sup>10</sup> 17 CFR 240.19b-4(f)(6).

<sup>11</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>12</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).

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](mailto:rule-comments@sec.gov). Please include File Number SR-NYSEArca-2016-164 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-NYSEArca-2016-164. 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; 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-2016-164 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>13</sup>

Eduardo A. Aleman  
Assistant Secretary

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<sup>13</sup> 17 CFR 200.30-3(a)(12).