

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-81303; File No. SR-NYSEArca-2017-83)

August 3, 2017

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending Rule 7.37

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 July 26, 2017, 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 [sic] Rule 7.37 (Order Execution and Routing). 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 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.

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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.

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 Rule 7.37 (Order Execution and Routing) to reflect changes to how the Exchange would process MOC/LOC Orders<sup>4</sup> routed to NYSE American LLC (“NYSE American”).<sup>5</sup> Rule 7.37(b)(7)(C) provides that the Exchange rejects requests to cancel or to reduce in size a Market-on-Close Order (“MOC Order”) or a Limit-on-Close Order (“LOC Order”) in NYSE-listed securities or NYSE MKT-listed securities (“NYSE American-listed securities”)<sup>6</sup> that is electronically entered after the time specified in NYSE Rules [sic] 123C(3)(b) and NYSE MKT Rule 123C(3)(b) – Equities (“NYSE American Rule 123C(3)(b) - Equities”)<sup>7</sup> and Supplementary Material .40 to those rules.<sup>8</sup>

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<sup>4</sup> A Market-on-Close Order is a Market Order that is to be traded only during the Closing Auction and a Limit-on-Close Order is a Limit Order that is to be traded only during the Closing Auction. See Rule 7.31(c)(3) and (4). If the Exchange does not conduct a closing auction in a UTP Security, the Exchange routes MOC/LOC Orders in such a UTP Security to the primary listing market. See Rule 7.34(c)(2)(B).

<sup>5</sup> On July 24, 2017, the Exchange’s affiliate, NYSE MKT LLC, transitioned to the Pillar trading platform and was renamed NYSE American LLC. See Securities Exchange Act Release Nos. 79242 (November 4, 2016), 81 FR 79081 (November 10, 2016) (SR-NYSEMKT-2016-97); 79400 (November 25, 2016), 81 FR 86750 (December 1, 2016) (SR-NYSEMKT-2016-103); 80283 (March 21, 2017), 82 FR 15244 (March 27, 2017) (SR-NYSEMKT-2017-14); and 80748 (May 23, 2017), 82 FR 24764 (May 30, 2017) (SR-NYSEMKT-2017-20).

<sup>6</sup> See supra, note 5.

<sup>7</sup> See supra, note 5.

<sup>8</sup> NYSE Rule 123C(3)(b) and NYSE American Rule 123C(3)(b) – Equities provide that between 3:45 p.m. and 3:58 p.m., MOC, LOC and CO Orders may be cancelled or reduced in size to correct a legitimate error, and NYSE Rule 123C(3)(c) and NYSE American Rule 123C(3)(c) - Equities provide that MOC, LOC and CO Orders may not be cancelled or adjusted for any reason after 3:58 p.m unless there is an Extreme Order Imbalance at or Near the Close, as provided in NYSE Rule 123C(9) and NYSE American Rule 123C(9) - Equities. Accordingly, between 3:45 p.m. and 3:58 p.m., NYSE and NYSE American accept requests to cancel MOC and LOC Orders.

The Exchange proposes to amend Rule 7.37(b)(7)(C) to provide that the Exchange would no longer reject requests to cancel or reduce in size MOC/LOC Orders in NYSE American-listed securities. The Exchange is enhancing functionality to coincide with the recent migration of NYSE American to the Pillar trading system. On Pillar, NYSE American no longer processes MOC or LOC Orders under NYSE American Rule 123C - Equities and instead processes such orders under NYSE American Rule 7.35E.<sup>9</sup> Because NYSE American will systemically enforce its requirements by rejecting requests to cancel or requests to cancel and replace<sup>10</sup> a MOC or LOC Order in an NYSE American-listed security, the Exchange will no longer need to monitor the trading behavior on NYSE American. As a result, the Exchange proposes to accept and route all requests to cancel or reduce in size MOC/LOC Orders in NYSE American-listed securities, regardless of the time. The Exchange believes that the proposed changes would provide transparency regarding how requests to cancel orders or reduce in size would be processed on the Exchange.

Because of technology changes associated with this proposed rule change, the Exchange will announce the implementation date by Trader Update, which the Exchange anticipates will be in the third quarter of 2017.

## 2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Securities Exchange Act of 1934 (the “Act”),<sup>11</sup> in general, and furthers the objectives of Section 6(b)(5),<sup>12</sup> in particular,

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<sup>9</sup> NYSE American Rule 7.35E(d)(2)(B) provides that when the Closing Auction Imbalance Freeze begins, NYSE American will reject requests to cancel and requests to cancel and replace MOC Orders and LOC Orders.

<sup>10</sup> On the Pillar trading system, to reduce the size of an order, an ETP Holder submits a request to cancel a portion of the order.

<sup>11</sup> 15 U.S.C. 78f(b).

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 the proposed rule change would promote just and equitable principles of trade, and remove impediments to and perfect the mechanism of a free and open market and a national market system by allowing the Exchange to accept and route requests to cancel or reduce in size MOC Orders and LOC Orders in NYSE American-listed securities regardless of the time. 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 because now that NYSE American has transitioned to Pillar, NYSE American systemically enforces whether it accepts a request to cancel or reduce in size a MOC or LOC Order, and the Exchange would no longer need to monitor this functionality.

The Exchange further believes that the proposed amendments to Rule 7.37(b)(7)(C) would remove impediments to and perfect the mechanism of a free and open market and a national market system because the proposed changes would provide greater clarity regarding how requests to cancel or reduce in size MOC Orders and LOC Orders in NYSE American-listed securities would be processed by the Exchange, thereby promoting transparency and clarity in Exchange rules.

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<sup>12</sup> 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 proposed change is not designed to address any competitive issue but rather to make amendments to Rule 7.37 to reflect differences to how NYSE American processes requests to cancel or reduce in size MOC and LOC Orders on the Pillar trading system.

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 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>13</sup> and Rule 19b-4(f)(6) thereunder.<sup>14</sup>

A proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act<sup>15</sup> normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)(iii)<sup>16</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

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<sup>13</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>14</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.

<sup>15</sup> 17 CFR 240.19b-4(f)(6).

<sup>16</sup> 17 CFR 240.19b-4(f)(6)(iii).

waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Exchange stated that NYSE American has transitioned to the Pillar trading platform and now systemically enforces whether it accepts a request to cancel or reduce in size a MOC or LOC order, so the Exchange no longer needs to monitor this functionality. The Exchange also stated that waiver of the 30-day operative delay would allow it to implement the proposed rule change when the technology supporting the change becomes available, which the Exchange anticipates to be less than 30 days after the date of this filing. 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 proposal operative upon filing.<sup>17</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.

#### 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:

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<sup>17</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).

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-2017-83 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-2017-83. 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-2017-83 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>18</sup>

Eduardo A. Aleman  
Assistant Secretary

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<sup>18</sup> 17 CFR 200.30-3(a)(12).