

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-86300; File No. SR-NYSEArca-2019-46)

July 3, 2019

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Rule 7.37-E to Update a Rule Cross Reference

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 June 25, 2019, NYSE Arca, Inc. (“NYSE Arca” or the “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. 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 Rule 7.37-E (Order Execution and Routing) to update a rule cross reference. 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.

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.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 Rule 7.37-E (Order Execution and Routing) to update a rule cross reference.

Rule 7.37-E(b)(7) provides that electronically-entered requests to cancel or reduce in size MOC Orders or LOC orders in New York Stock Exchange LLC ("NYSE") listed securities will be rejected if entered after the times specified in NYSE Rules 123C(3)(b) and Supplementary Materials .40 to that rule. The NYSE recently amended its rules to support the transition of NYSE-listed securities to the Pillar trading platform.³ Among other things, when NYSE transitions NYSE-listed securities to the Pillar trading platform, the NYSE Rule 7.35 Series will govern auctions on the NYSE and NYSE Rule 123C will no longer be applicable.⁴

The Exchange proposes to amend Rule 7.37-E(b)(7)(C) to update the cross reference to the NYSE rule that will be applicable when NYSE-listed securities transition to the Pillar trading platform. Instead of cross referencing NYSE Rule 123C(3)(b) and Supplementary Material .40 to that rule, the Exchange proposes to cross reference NYSE Rule 7.35(a)(7), which defines the term "Closing Auction Imbalance Freeze Time." As provided for in NYSE Rule 7.35B(f)(2), the NYSE will begin limiting the circumstances when a MOC or LOC Order may be cancelled or reduced in size beginning at that Closing Auction Imbalance Freeze Time. These NYSE Pillar rules are substantively the same as current NYSE Rule 123C(3)(b) as both sets of rules use the

³ See Securities Exchange Act Release No. 85962 (May 29, 2019), 84 FR 26188 (June 5, 2019) (SR-NYSE-2019-05) (Approval Order).

⁴ The NYSE has announced that, subject to rule approvals, the NYSE will begin transitioning NYSE-listed securities to Pillar on August 5, 2019, available here: https://www.nyse.com/publicdocs/nyse/markets/nyse/Revised_Pillar_Migration_Timeline.pdf. The NYSE will publish by separate Trader Update a complete symbol migration schedule.

same cut-off time for when the NYSE begins restricting the circumstances when a MOC or LOC Order may be cancelled or reduced in size, i.e., ten minutes before the scheduled end of trading.

The proposed amended rule text will provide as follows (deleted text in brackets, new text underlined):

For MOC Orders or LOC Orders in NYSE listed securities, requests to cancel or reduce in size that are electronically entered after the “Closing Auction Imbalance Freeze Time” specified in NYSE Rule 7.35(a)(7)[the times specified in NYSE Rule 123C(3)(b) and Supplementary Materials .40 to that rule] will be rejected.

The Exchange also proposes to amend the rule to specify for which orders this provision would be applicable. As noted above, the current rule provides that the Exchange will reject electronic requests to cancel or reduce in size MOC Orders or LOC Orders in NYSE-listed securities. Because the Exchange now conducts Closing Auctions in NYSE-listed securities, the Exchange proposes to amend this text to specify that this rule would be applicable to Primary Only MOC/LOC Orders, which are defined in Rule 7.31-E(f)(1)(C) as a Primary Only Order, i.e., an order that on arrival is routed directly to the primary listing market, designated for participation in the primary listing market’s closing process as a MOC or LOC Order. The Exchange also proposes a non-substantive change to add a hyphen between “NYSE” and “listed.”

The Exchange will implement these proposed rule changes on the same schedule that the NYSE transitions NYSE-listed securities to the Pillar trading platform. In other words, the current rule will remain operative for NYSE-listed securities until such time that they transition to NYSE’s Pillar trading platform.

2. Statutory Basis

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

The Exchange believes that the proposed rule change to amend Rule 7.37-E would remove impediments to and perfect the mechanism of a free and open market and a national market system because it would update the Exchange’s rules to cross reference the NYSE rule that would be applicable when the NYSE transitions its listed securities to the Pillar trading platform. The proposed rule change does not propose any new or novel functionality because the NYSE Pillar rules provide for the same cut-off time and circumstances for cancelling or reducing in size MOC or LOC Orders as provided for in NYSE Rule 123C(3)(b) and Supplementary Material .40 to that rule. The Exchange therefore believes that the proposed rule change would protect investors and the public interest, in general, because it is designed to promote transparency and clarity in Exchange rules.

In addition, the Exchange believes that the proposed rule change to specify that this rule provision would be applicable to Primary Only MOC/LOC Orders would remove impediments to and perfect the mechanism of a free and open market and a national market system because it would provide greater specificity that this Rule is only applicable to MOC or LOC Orders in

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(5).

NYSE-listed securities that have been routed to the NYSE. Because the Exchange now conducts Closing Auctions in NYSE-listed securities, this proposed rule change provides transparency that the Exchange would not cancel a MOC Order or a LOC Order in an NYSE-listed security if such order were intended for a Closing Auction on the Exchange.

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 rule change is not designed to address any competitive issues, but rather, would update Rule 7.37-E to update a cross reference to the NYSE rule that would be applicable when the NYSE transitions its listed securities to the Pillar trading platform and to provide greater specificity that the rule is intended only for MOC or LOC Orders in NYSE-listed securities that are routed to the NYSE. The Exchange therefore believes that the proposed rule change is designed to promote transparency and clarity in Exchange rules.

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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act⁷ and Rule 19b-4(f)(6) thereunder.⁸ 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 prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of

⁷ 15 U.S.C. 78s(b)(3)(A)(iii).

⁸ 17 CFR 240.19b-4(f)(6).

investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6)(iii) thereunder.

At any time within 60 days of the filing of such 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 under Section 19(b)(2)(B)⁹ of the Act 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-NYSEArca-2019-46 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-2019-46. 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

⁹ 15 U.S.C. 78s(b)(2)(B).

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 offices 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-NYSEArca-2019-46, 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.¹⁰

Eduardo A. Aleman
Deputy Secretary

¹⁰ 17 CFR 200.30-3(a)(12).