

Rule 1003(b)(3) requires each SCI entity to submit the report of the SCI review to the Commission and to its board of directors or the equivalent of such board, together with any response by senior management, within 60 calendar days after its submission to senior management. These reports are required to be submitted on Form SCI. The Commission staff estimates that the total annual ongoing burden for all respondents will be, on average, 44 hours (1 hour per respondent \times 44 respondents). The Commission staff estimates that all respondents will incur, on average, an estimated ongoing annual internal cost of compliance of \$18,128 (\$412 per respondent \times 44 respondents).

In addition, the Commission staff estimates that all respondents will incur, on average, annual costs of \$2,200,000 (\$50,000 \times 44 respondents) for outside legal advice in preparation of certain notifications required by Rule 1003(b).

Rule 1006 requires each SCI entity, with a few exceptions, to file any notification, review, description, analysis, or report to the Commission required under Regulation SCI electronically on Form SCI through the EFFS. An SCI entity will submit to the Commission an EAUF to register each individual at the SCI entity who will access the EFFS system on behalf of the SCI entity. The Commission staff estimates that the total annual initial burden for 2 new respondents will be 0.6 hours (0.3 hours per respondent \times 2 respondents), and the annual ongoing burden for all respondents will be, on average, 6.6 hours (0.15 hours per respondent \times 44 respondents). The Commission staff estimates that the 2 new respondents would incur an initial internal cost of compliance of \$248 (\$124 per respondent \times 2 respondents), as well as outside costs to obtain a digital ID of \$100 (\$50 per respondent \times 2 respondents). In addition, all respondents will incur, on average, an estimated ongoing annual internal cost of compliance of \$2,728 (\$62 per respondent \times 44 respondents), as well as outside costs to obtain a digital ID of \$2,200 (\$50 per respondent \times 44 respondents).

Rule 1002(a) requires each SCI entity, upon any responsible SCI personnel having a reasonable basis to conclude that an SCI event has occurred, to begin to take appropriate corrective action. The Commission staff estimates that the total annual initial recordkeeping burden for 2 new respondents will be 228 hours (114 hours per respondent \times 2 respondents), and the annual ongoing recordkeeping burden for all

respondents will be, on average, 1,716 hours (39 hours per respondent \times 44 respondents). The Commission staff estimates that the 2 new respondents would incur an initial internal cost of compliance of \$85,056 (\$42,528 per respondent \times 2 respondents). In addition, all respondents will incur, on average, an estimated ongoing annual internal cost of compliance of \$677,468 (\$15,397 per respondent \times 44 respondents).

Rule 1003(a)(1) requires each SCI entity to establish reasonable written criteria for identifying a change to its SCI systems and the security of indirect SCI systems as material. The Commission staff estimates that the total annual initial recordkeeping burden for 2 new respondents will be 228 hours (114 hours per respondent \times 2 respondents), and the annual ongoing recordkeeping burden for all respondents will be, on average, 1,188 hours (27 hours per respondent \times 44 respondents). The Commission staff estimates that the 2 new respondents would incur an initial internal cost of compliance of \$85,056 (\$42,528 per respondent \times 2 respondents). In addition, all respondents will incur, on average, an estimated ongoing annual internal cost of compliance of \$507,584 (\$11,536 per respondent \times 44 respondents).

Regulation SCI also requires SCI entities to identify certain types of events and systems. The Commission staff estimates that the total annual initial recordkeeping burden for 2 new respondents will be 396 hours (198 hours per respondent \times 2 respondents), and the annual ongoing recordkeeping burden for all respondents will be, on average, 1,716 hours (39 hours per respondent \times 44 respondents). The Commission staff estimates that the 2 new respondents would incur an initial internal cost of compliance of \$139,412 (\$69,706 per respondent \times 2 respondents). In addition, all respondents will incur, on average, an estimated ongoing annual internal cost of compliance of \$677,468 (\$15,397 per respondent \times 44 respondents).

Rules 1005 and 1007 establish recordkeeping requirements for SCI entities other than SROs. The Commission staff estimates that for a new respondent that is not an SRO the average annual initial burden would be 170 hours (170 hours \times 1 respondent), and the annual ongoing burden for all respondents will be, on average, 275 hours (25 hours \times 11 respondents). The Commission staff estimates that a new respondent would incur an estimated internal initial internal cost of compliance of \$11,370, as well as a one-

time cost of \$900 to modify existing recordkeeping systems. In addition, all respondents will incur, on average, an estimated ongoing internal cost of compliance of \$18,975 (\$1,725 \times 11 respondents).

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information under the PRA unless it displays a currently valid OMB control number.

The public may view background documentation for this information collection at the following website: www.reginfo.gov. Comments should be directed to: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10102, New Executive Office Building, Washington, DC 20503, or by sending an email to: Lindsay.M.Abate@omb.eop.gov; and (ii) Pamela Dyson, Director/Chief Information Officer, Securities and Exchange Commission, c/o Candace Kenner, 100 F Street NE, Washington, DC 20549, or by sending an email to: PRA_Mailbox@sec.gov. Comments must be submitted to OMB within 30 days of this notice.

Dated: September 12, 2018.

Eduardo A. Aleman,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–84098; File No. SR–NYSEARCA–2018–65]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Its Options Rules To Make Certain Non-Substantive Changes and To Harmonize Certain Rules With Those of Its Affiliate, NYSE American LLC

September 12, 2018.

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (the “Act”)² and Rule 19b–4 thereunder,³ notice is hereby given that, on August 31, 2018, 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

¹ 15 U.S.C.78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b–4.

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 options rules to make certain non-substantive changes and to harmonize certain rules with those of its affiliate, NYSE American LLC ("NYSE American"), to reduce unnecessary complexity and promote standardization. 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.

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 options rules to make certain non-substantive changes and to harmonize certain rules with those of its affiliate, NYSE American. The proposed amendments are designed to reduce unnecessary complexity within the Exchange's rules and to promote standardization and clarity amongst similar rules of the Exchange and its affiliate, NYSE American. Specifically, the Exchange proposes to:

- Make a ministerial, non-substantive change to Exchange Rule 6.17-O, Commentary .01.

- harmonize Exchange Rule 6.37-O, Obligations of Market Makers, with NYSE American Rule 925NY, Obligations of Market Makers, and make related changes to Exchange Rules 6.37A-O, 6.37B-O, and 6.37C-O;⁴

⁴ The Exchange also proposes to update various cross-references to these rules throughout the rulebook to reflect the updated rule numbers.

- delete the text of Exchange Rule 6.41-O, Market Maker Marketing Reports;

- harmonize Exchange Rule 6.43-O, Options Floor Broker Defined, with NYSE American Rule 930NY by replacing the term "Professional Customer" with "Qualified Customer";⁵

- amend Exchange Rule 6.47-O, Crossing Orders, to update the references to the current Order Protection Rule and harmonize it with NYSE American Rule 934NY;⁶

- harmonize Exchange Rule 6.67-O(d)(2)(A) with NYSE American Rule 955NY(d)(2)(A) by replacing an outdated reference to a required timestamp synchronized to the "NIST Clock" with a reference to the current operative Consolidated Audit Trail ("CAT") clock synchronization rule;⁷

- harmonize Exchange Rule 6.69-O(b)(iii) with NYSE American Rule 957NY(b)(iii) by conforming the Exchange's rule governing the priority of complex orders in open outcry to its rule governing electronic complex orders;⁸ and

- harmonize Exchange Rule 6.75-O, Priority and Order Allocation Procedures—Open Outcry, with NYSE American Rules 963NY(d).⁹

Each of these proposed changes are explained in detail below.

Exchange Rule 6.17-O, Verification of Compared Trades and Reconciliation of Uncompared Trades

The Exchange proposes to make ministerial, non-substantive changes to Exchange Rule 6.17-O, Commentary .01 to remove superfluous language. In particular, the Exchange proposes to amend the third paragraph of Commentary .01 of Exchange Rule 6.17-O to remove the duplicative phrase "or accessible via telephone or email". The proposed deletion of this phrase does not alter the meaning or application of Rule 6.17-O.

Exchange Rule 6.37-O, Obligations of Market Makers, and Exchange Rules 6.37A-O, 6.37B-O, and 6.37C-O

The Exchange proposes to harmonize the Market Maker quoting obligations set forth under Exchange Rule 6.37-O, Obligations of Market Makers, with

⁵ See Securities Exchange Act Release No. 81670 (September 21, 2017), 82 FR 45095 (September 27, 2017) (SR-NYSEAMER-2017-18) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Update and Amend its Options Rules, as Described Herein, To Reduce Unnecessary Complexity and To Promote Standardization and Clarity).

⁶ *Id.*

⁷ *Id.*

⁸ *Id.*

⁹ *Id.*

NYSE American Rule 925NY, Obligations of Market Makers, and make related changes to Exchange Rules 6.37A-O, 6.37B-O, and 6.37C-O. Exchange Rule 6.37-O sets forth the continuous quoting obligations of Market Makers for options contracts to which they are appointed pursuant to Exchange Rule 6.35-O. The Exchange proposes to delete the text of Rule 6.37-O, except for paragraph (a), and replace it with the relevant text from NYSE American Rule 925NY.¹⁰ The proposed rule change would not result in an easing of the quoting obligations in place on the Exchange. Instead, the proposed rule change would harmonize the Market Maker obligations across the Exchange and its affiliate, NYSE American, while requiring the same level of obligations. Harmonized rules would provide investors, as well as those that engage in market making activities on both the Exchange and NYSE American, with standardized obligations and consistent rules across both markets. A description of the proposed amendments are described below.

The Exchange notes that current Exchange Rule 6.37-O sets forth Market Maker obligations when quoting on the Trading Floor and Exchange Rule 6.37A-O sets forth Market Maker obligations when quoting on the NYSE Arca OX electronic trading system. Like NYSE American 925NY, the obligations under amended Exchange Rule 6.37-O would apply equally to Maker Makers on the Trading Floor and those quoting on the Exchange's electronic trading system. The Exchange also notes that the current text of Exchange Rule 6.37A-O is substantially similar to the text of NYSE American Rule 925NY, which the Exchange propose to adopt herein. Nonetheless, the proposed text would be more detailed than current Rule 6.37A-O by including detailed bid-ask differentials under paragraph (b)(4) as well as provisions governing leaves of absence under proposed Commentary .01. Therefore, the Exchange proposes to delete the text of Exchange Rule 6.37A-O and renumber Exchange Rules 6.37B-O as 6.37A-O and 6.37C-O as 6.37B-O. The Exchange also proposes to update various cross-references to these rules in Exchange Rules 6.33-O(a), 6.64-O(b)(D) and (E), 6.82-O(c)(4), 10.12(h) and (k), and 10.16(e)(2) to reflect the updated rule numbers.

Proposed Paragraph (b), Obligations in Appointed Classes. Paragraph (b) of Exchange Rule 6.37-O would continue

¹⁰ The Exchange notes that paragraph (a) of Exchange Rule 6.37-O is identical to paragraph (a) of NYSE American Rule 925NY.

to impose the continuous quoting obligations that a Market Maker is expected to engage, to a reasonable degree under the existing circumstances, in dealings for his own account when there exists, or it is reasonably anticipated that there will exist, a lack of price continuity, a temporary disparity between the supply of and demand for a particular option contract, or a temporary distortion of the price relationships between option contracts of the same class. Market Makers would continue to be expected to perform the following activities in the course of maintaining a fair and orderly market.

Proposed paragraphs (1) through (3) of Exchange Rule 6.37–O(b) would require Market Makers to: (1) Compete with other Market Makers to improve the market in all series of options classes to which the Market Maker is appointed; (2) make markets that will be honored for the number of contracts entered into the System in all series of options classes within the Market Maker's appointment; and (3) update market quotations in response to changed market conditions in all series of options classes within the Market Maker's appointment. Each of these provisions mirror NYSE American Rule 925NY(b)(1) through (3).

Current paragraphs (b)(1)(A) through (E) of Rule 6.37–O require that Market Maker bids and/or offers create differences of no more than: (A) .25 between the bid and the offer for each option contract for which the bid is less than \$2, (B) .40 where the bid is \$2 or more but does not exceed \$5, (C) .50 where the bid is more than \$5 but does not exceed \$10, (D) .80 where the bid is more than \$10 but does not exceed \$20, and (E) \$1 when the last bid is \$20.01 or more, provided that two Trading Officials may establish differences other than the above for one or more series or classes of options. These provisions would be set forth under new paragraph (b)(4)(A) through (E) of Exchange Rule 6.37–O with one proposed change from the current Exchange rule. Current paragraph (b)(1)(E) of Rule 6.37–O requires that Market Maker bids and/or offers create differences of no more than \$1 when the last bid is \$20.01 or more, provided that two Trading Officials may establish differences other than the above for one or more series or classes of options. Proposed paragraph (b)(4)(E) of Exchange Rule 6.37–O would allow for one Trading Official, rather than two, to establish differences for one or more series or classes of options. The Exchange believes that requiring two Trading Officials to act in this scenario is unnecessary and allowing a single

Trading Official to act would allow for a more efficient process, especially in cases where a decision must be made quickly in light of fast moving market events. The Exchange also notes that NYSE American Rule 925NY(b)(1)(E), the rule it seeks to harmonize Exchange Rule 6.37–O, allows for a single Trading Official to establish differences for one or more series or classes of options. Each of these provisions would mirror NYSE American Rule 925NY(b)(1)(A) through (E).

Current paragraph (b)(1)(F) of Rule 6.37–O states that a Trading Official may, with respect to options trading with a bid price less than \$2, establish bid-ask differentials that are no more than \$0.50 wide (“double-width”) when the primary market for the underlying security: (a) Reports a trade outside of its disseminated quote (including any Liquidity Quote); or (b) disseminates an inverted quote. The imposition of double-width relief must automatically terminate when the condition that necessitated the double-width relief (*i.e.*, condition (a) or (b)) is no longer present. Market Makers that have not automated this process may not avail themselves of the relief provided herein (*i.e.* they may not manually adjust prices). The Exchange notes that NYSE American Rule 925NY does not contain a similar provision and, therefore, the Exchange does not propose to carry over current paragraph (b)(1)(F) of Rule 6.37–O to the harmonized rule. Furthermore, the Exchange notes that this provision is not necessary because a Trading Official would have the ability to widen differences for one or more series or classes of options in such scenario pursuant to paragraph (b)(4)(E) of Exchange Rule 6.37–O discussed above.

Current paragraph (b)(1)(G) of Rule 6.37–O states that quotes given in open outcry may not be quoted with \$5 widths and instead must comply with the legal width requirements specified in paragraph (b)(1)(A)–(F) of Rule 6.37–O. This requirement would be moved to paragraph (b)(5) of Rule 6.37–O and be rephrased to be harmonized with NYSE American Rule 925NY(b)(5) and would require that electronically submitted quotes to the System during Core Trading Hours may not have a difference exceeding \$5 between the bid and offer regardless of the price of the bid. Paragraph (b)(5) of Rule 6.37–O would also provide that two Trading Officials may establish quote width differences other than as provided in paragraph (b)(5) of Rule 6.37–O for one or more option series. This is consistent with NYSE American Rule 925NY(b)(5).

The Exchange proposes to adopt the text of NYSE American Rule

925NY(b)(6) under proposed paragraph (b)(6) of Exchange Rule 6.37–O and require that, in response to a call for a market from a Floor Broker, a Market Maker may bid no more than \$1 lower and/or offer no more than \$1 higher than the last preceding transaction price for the particular option contract. However, this standard would not ordinarily apply if the price per share (or other unit of trading) of the underlying security or Exchange-Traded Fund Share has changed since the last preceding transaction for the particular option contract, in which event a Market Maker may then bid no lower than or offer no more than \$1 plus the aggregate change in the price per share (or other unit of trading) of the underlying security or Exchange-Traded Fund Share since the time of the last preceding transaction for the particular option contract. This provision would apply from one day's close to the next day's opening and from one transaction to the next in intra-day transactions. With respect to inter-day transactions, this provision applies if the closing transaction occurred within one hour of the close and the opening transaction occurred within one hour after the opening. With respect to intra-day transactions, this provision applies to transactions occurring within one hour of one another. A Trading Official may waive the provisions of this paragraph in an index option when the primary underlying securities market for that index is not trading. Nothing in paragraph (b)(6) of Exchange Rule 6.37–O would alter the maximum bid/ask differentials established by paragraph (b)(4)–(5) of Rule 6.37–O discussed above.

Proposed Paragraph (c), Unusual Conditions—Opening Auction. The Exchange proposes to adopt the text of NYSE American Rule 925NY(c) under proposed paragraph (c) of Exchange Rule 6.37–O which would govern quote width differentials where a Trading Official declares an Unusual Market Condition during the opening auction. Current paragraph (b)(4) of Exchange Rule 6.37–O discusses where a Trading Official may declare a fast market and declare wider quote width differentials and these provisions would be substantially similar to proposed paragraph (c) of Exchange Rule 6.37–O. As proposed, if the Trading Official finds that it in the interest of maintaining a fair and orderly market so requires, he or she may declare that unusual market conditions exist in a particular issue and allow Market Makers in that issue to make auction bids and offers with spread differentials

of up to two times, or in exceptional circumstances, up to three times, the legal limits permitted under proposed Exchange Rule 6.37–O. In making such determinations to allow wider markets, the Trading Official should consider the following factors: (A) whether there is pending news, a news announcement or other special events; (B) whether the underlying security or Exchange-Traded Fund Share is trading outside of the bid or offer in such security then being disseminated; (C) whether OTP Holders and OTP Firms receive no response to orders placed to buy or sell the underlying security; and (D) whether a vendor quote feed is clearly stale or unreliable.

Paragraph (c)(1) of Exchange Rule 6.37–O would further require that a Trading Official who declared the unusual market conditions to file a report with Exchange Operations setting forth the relief granted, the time and duration of such relief and the reasons behind declaring an unusual market condition. This provision would mirror NYSE American Rule 925NY(c)(1).

Proposed Paragraph (d), In Classes of Option Contracts Other Than Those to Which Appointed. Current Exchange Rule 6.37–O(c) governs a Market Maker's activities in options classes in which it has not been assigned pursuant to Exchange Rule 6.35–O. The Exchange proposes to renumber paragraph (c) of Exchange Rule 6.37–O as paragraph (d) and replace its text with that of NYSE American Rule 925NY(d). Proposed paragraph (d) of Exchange Rule 6.37–O would be substantially similar to current paragraph (c). As proposed, Market Makers would continue to be prohibited from engaging in transactions for an account in which they have an interest that are disproportionate in relation to, or in derogation of, the performance of their obligations as specified in Rule 6.37–O with respect to the classes in their appointment. Whenever Market Makers enter the trading crowd for a class of options in which they do not hold an appointment, they must fulfill the obligations established by Exchange Rule 6.37–O. In addition, when present anywhere on the Trading Floor, with regard to all securities traded on the Trading Floor, Market Makers are expected to undertake the obligations specified in paragraph (b) of Exchange Rule 6.37–O discussed above in response to a demand therefore from the Trading Official that the performance of such obligations by other Market Makers requires supplementation.

Current paragraphs (c)(2) and (3) also prohibit Market Makers from individually or as a group, intentionally

or unintentionally, dominating the market in option contracts of a particular class and effecting purchases or sales on the floor of the Exchange except in a reasonable and orderly manner. These provisions would be renumbered as paragraphs (d)(1) and (2) under Exchange Rule 6.37–O and would mirror NYSE American Rule 925NY(d). The only difference from the current text is that paragraph (d)(2) of Exchange Rule 6.37–O would not specifically reference the floor of the Exchange as the rule would apply equally to all Market Makers, regardless of whether they are located on the floor of the Exchange or engage in market making electronically from a location off the Exchange floor.

Current paragraphs (c)(1) and (c)(4) of Exchange Rule 6.37–O would not be carried over as part of the new rule. The Exchange notes that these provisions are outdated and are not included in the current NYSE American Rule 925NY to which the Exchange seeks to harmonize its Market Maker obligations. Paragraph (c)(1) of Exchange Rule 6.37–O currently prohibits Market Makers from congregating in a particular class of option contract. The purpose of this rule was to prevent Market Makers from dominating the market for an option when options were listed and traded verbally on a single exchange. Today, options are traded on numerous exchanges electronically significantly reducing the ability of a group of Market Makers on a single exchange from engaging in manipulative activity. Further, other Exchange rules address the manipulation concern that current paragraph (c)(1) of Rule 6.37–O was intended to address. For example, Exchange Rule 11.5 prohibits market manipulation on the Exchange generally. Exchange Rule 11.20(a)(1) also prohibits members, including Market Makers, from knowingly managing or financing a manipulative operation, which would include congregating in a particular class of securities to manipulate or dominate the market.

Paragraph (c)(4) of Exchange Rule 6.37–O states that whenever a Floor Broker enters a trading crowd and calls for a market in a particular option series, each Market Maker present at the trading post will be obligated to vocalize a two-sided, legal-width market (pursuant to former Exchange Rule 6.37–O(b)(1)) for a minimum of 10 contracts. Market Makers would continue to be required to make legal-width markets in compliance with proposed Exchange Rule 6.37–O(b). However, Market Makers would no longer be required to quote for a least 10

contracts. The 10 contract requirement is antiquated and not necessary in a market environment where options are traded electronically on multiple exchanges. Furthermore, the 10 contract requirement is not included in the rules of NYSE American Rule 925NY or other options exchanges.¹¹ Current Exchange Rule 6.37B–O(b) and (c) (proposed to be renumbered as Exchange Rule 6.37A–O) would require that Market Maker quotations meet the legal quote width requirements of proposed Exchange Rule 6.37–O.

Paragraph (c)(4) of Exchange Rule 6.37–O states that its obligation to provide a legal-width market only applies to: (A) Market Makers who have executed a transaction in the issue, but not those who have been assigned contracts by the Trading Official pursuant to Commentary .05, on the day of the Floor Broker's call for a market or on the previous business day; (B) option issues that are ranked in the 120 most actively traded equity options based on the total number of contracts traded nationally as reported by the Options Clearing Corporation (for each current month, the Exchange's determination of whether an equity option ranks in the top 120 most active issues is based on volume statistics for the one month of trading activity that occurred two months prior to the current month); (C) non-broker-dealer orders; and (D) series not designated as LEAPS (pursuant to Exchange Rule 6.4). With respect to (A) and (B) above, the provision to provide a legal-width market under proposed Exchange Rule 6.37–O(b) would apply to all options to which a Market Maker is appointed and would not be limited. With respect to (C) above regarding providing a quote to non-broker-dealer orders, paragraph (e) of Exchange Rule 6.37B–O (proposed to be renumbered as Exchange Rule 6.37A–O) would continue to state that “[a] Market Maker shall be compelled to buy/sell a specified quantity of option contracts at the disseminated bid/offer pursuant to his obligations under Rule 6.86–O.” This rule would preclude a Market Maker from not honoring its quotation against non-broker-dealer orders. Therefore, current paragraph (c)(4)(C) is not necessary to be included in proposed Rule 6.37–O(c). Lastly, current paragraph (D) states that the paragraph (c)(4) would not apply to series designated as LEAPS. The Exchange notes that current paragraph (b) and (c) of Exchange Rule 6.37B–O (proposed to

¹¹ See e.g., Cboe Exchange, Inc. Rule 8.7 and Nasdaq Options Rules, Chapter VII, Sections 5 and 6 (no including a requirement that a market maker's quotation be for at least 10 contracts).

be renumbered as Exchange Rule 6.37A–O) set forth Market Maker quoting obligation and Commentary .01 of that rule states that those quoting obligation “shall not apply to Market Makers with respect to adjusted option series, and series with a time to expiration of nine months or greater”, *i.e.*, LEAPS. Therefore, as amended, the quoting obligations set forth in proposed Rule 6.37–O would continue to not apply to LEAPS.

Deletion of Current Paragraph (d), In Person Requirements for Market Makers. The Exchange proposes to remove the text of current paragraph (d) of Exchange Rule 6.37–O because no similar provision is included in NYSE American Rule 925NY to which the Exchange seeks to harmonize its Market Maker obligations. Furthermore, this provision is unnecessary as it conflicts with more stringent requirements set forth in current Exchange Rule 6.35–O described below. Current Exchange Rule 6.37–O(d) sets forth in-person requirements for Market Makers and requires that an adequate number of Market Makers be available throughout each trading session. Exchange Rule 6.37–O(d) requires the following minimum in-person trading requirements: At least 60% of a Market Maker’s transactions must be executed by the Market Maker in-person or through an approved facility of the Exchange. Orders executed for a Market Maker through a Floor Broker will not be credited toward the 60% requirement. A failure to comply with this 60% in-person trading requirement may result in a fine pursuant to Rule 10.12; however, if aggravating circumstances are present, formal disciplinary action may be taken pursuant to Rule 10.4. Exchange Rule 6.37–O(d) further states that in order to assure compliance with the spirit and intent of the 60% requirement, the Exchange may review each of the Market Maker’s transactions used to meet the 60% requirement.

The Exchange does not propose to include the text of current paragraph (d) to Exchange Rule 6.37–O as this requirement conflicts with Exchange Rule 6.35–O(i), which sets forth a higher standard and applies to Market Maker activity both on the floor and conducted electronically. Specifically, paragraph (i) of Exchange Rule 6.35–O requires that at least 75% of the trading activity of a Market Maker (measured in terms of contract volume per quarter) must be in classes within the Market Maker’s appointment. Paragraph (j) of Exchange Rule 6.35–O set forth how the Exchange would calculate whether the Market Maker satisfied the requirements of

paragraph (i) and sets forth the penalties for non-compliance.

Proposed (e), Prohibited Practices and Procedures. The Exchange proposes to retain the text of current paragraph (e) of Exchange Rule 6.37–O. The Exchange notes that the text of current Exchange Rule 6.37(e) is identical to NYSE American Rule 925NY(e). Any practice or procedure whereby Market Makers trading any particular option issue determine by agreement the spreads or option prices at which they will trade that issue would continue to be prohibited. In addition, any practice or procedure whereby Market Makers trading any particular option issue determine by agreement the allocation of orders that may be executed in that issue would also continue to be prohibited.

Proposed Paragraph (f). Exchange Rule 6.37–O(f) discusses when members of a trading crowd may act collectively in response to a request for a market. The Exchange proposes to replace the current text of paragraph (f) to Exchange Rule 6.37–O with the text of NYSE American Rule 925NY(f). But for minor differences explained below, the revised text is substantially similar to the existing text of Exchange Rule 6.37–O(f). The proposed amendment would harmonize the rule with that of NYSE American Rule 925NY(f). Current paragraph (f) of Rule 6.37–O states that notwithstanding the prohibitions set forth in Subsection (e), the LMM and members of the trading crowd are permitted to act collectively as set forth below: (1) The obligation of Market Makers to make competitive markets does not preclude the LMM and members of the trading crowd from making a collective response to a request for a market, provided the OTP Holder or OTP Firm representing the order requests such a response in order to fill a large order (for purposes of this rule, a large order is an order for a number of contracts that is greater than the eligible order size for automatic execution pursuant to Rule 6.87) and; (2) in conjunction with their obligations as a responsible broker or dealer pursuant to Exchange Rule 6.86–O and Rule 602 of Regulation NMS, the Firm Quote Rule,¹² the LMM and Market Makers in the trading crowd may collectively agree to the best bid, best offer and aggregate quotation size required to be communicated to the Exchange pursuant to Rule 6.86(c).

Although the language proposed in Exchange Rule 6.37–O would differ

from that currently set forth in Rule 6.37–O(f), the application and meaning of the rule would be the same. Like as set forth under current paragraph (f)(1) of Rule 6.37–O, Market Makers in a trading crowd would continue to be able to discuss a request for a market that is greater than the disseminated size for that option class, for the purpose of making a single bid (offer) based upon the aggregate of individual bids (offers) by members in the trading crowd, but only when the member representing the order asks for a single bid (offer). Also, like as required in current paragraph (f)(1) of Rule 6.37–O, proposed paragraph (f) to Rule 6.37–O would continue to require that such bids or offers are firm quotes and each member of the trading crowd participating in the bid (offer) shall be obligated to fulfill his portion of the single bid (offer) at the single price. Such bids and offers would, therefore, continue to be required to comply with Exchange Rule 6.86–O, Firm Quotes, and Rule 602 of Regulation NMS, even though those rules are not specifically mentioned by number. Market Maker quotations must comply with their firm quote obligations set forth in Exchange Rule 6.86–O and Rule 602 of Regulations NMS regardless of whether those rules are specifically mentioned in proposed Exchange Rule 6.37–O(f). Furthermore, paragraph (e) of Exchange Rule 6.37B–O (proposed to be renumbered as Exchange Rule 6.37A–O) would continue to state that “[a] Market Maker shall be compelled to buy/sell a specified quantity of option contracts at the disseminated bid/offer pursuant to his obligations under Rule 6.86–O.” The text of proposed paragraph (f) of Rule 6.37–O would also mirror the text of NYSE American Rule 925NY(f).

Proposed paragraph (f) of Rule 6.37–O would state that the obligation of Market Makers to make competitive markets does not preclude Market Makers in a trading crowd from discussing a request for a market that is greater than the disseminated size for that option class, for the purpose of making a single bid (offer) based upon the aggregate of individual bids (offers) by members in the trading crowd, but only when the member representing the order asks for a single bid (offer). Whenever a single bid (offer) pursuant to this paragraph is made, such bid (offer) shall be a firm quote and each member of the trading crowd participating in the bid (offer) shall be obligated to fulfill his portion of the single bid (offer) at the single price.

Commentary. First, the Exchange proposes to harmonize the leave of absence requirements under current Commentary .07 to Exchange Rule 6.37–

¹² 17 CFR 242.602. The Exchange notes that Rule 11Ac1–1 under the Act has been renumbered as Rule 602 of Regulation NMS.

O with that of Commentary .01 to NYSE American Rule 925NY. Specifically, the Exchange proposes to adopt the text of Commentary .01 to NYSE American Rule 925NY as Commentary .01 to Exchange Rule 6.37–O. As amended, like current Commentary .07(a), (b), and (c) to Exchange Rule 6.37–O, Commentary .01(a), (b), and (c) would allow Market Makers to request leaves of absence when they plan to be away from the floor or temporarily withdraw from submitting quotations into the System for periods in excess of two weeks during a calendar quarter. Requests for leaves of absence must continue to be submitted in writing to the Exchange prior to the commencement of the intended leave. Lastly, while on leave, Market Makers will continue to not be permitted to make opening transactions in Exchange listed options, in their Market Maker accounts, through the use of a Floor Brokers, except as provided in Exchange Rule 6.32–O, Commentary .01. The Exchange does not propose to retain the paragraph (d) of Commentary .07 to Exchange Rule 6.37–O under new Commentary .01 as that provision is outdated and is not part of NYSE American Rule 925NY to which the Exchange seeks to harmonize.

Furthermore, the Exchange does not propose to retain the remaining provisions, Commentary .01 through .06 and .08 through .09 of the Commentary to Exchange Rule 6.37–O. These provisions are outdated for the reasons discussed below, and not included in the current NYSE American Rule 925NY to which the Exchange seeks to harmonize its Market Maker obligations.

Current Commentary .01 states that the limitations of Rule 6.37–O(b)(2) should not be carried over from one day to the next, and therefore are not applicable to the Exchange's opening. The Exchange notes that current paragraph (b)(2) to Rule 6.37–O simply states "Reserved" and, therefore, includes no limitations that the rule would need to specify would not be carried over to the next trading day or apply to the Exchange's opening process. Not retaining this provision in the amended rule would remove potentially confusing text referencing an outdated provision in the Exchange's rules, thereby ensuring the Exchange's rules are clear and easily understood. Further, this provisions is not included in the current NYSE American Rule 925NY to which the Exchange seeks to harmonize its Market Maker obligations.

Current Commentary .02 states that the bid-ask differentials as stated in paragraph (b)(1) of Rule 6.37–O shall apply to all option series open for

trading in each option class. This provision is not necessary as the rule, by its terms, applies to all Market Makers appointed in an options class on the Exchange.¹³ This provision is also not included in the current NYSE American Rule 925NY.

Current Commentary .03 states that when a Market Maker displays a market on the screen that is the best market in that crowd, the Market Maker is obligated to ensure that its market is removed from the screen when the Market Maker leaves the crowd. Current Commentary .03 is applicable only to Market Maker activity in a floor-based market. In addition, Market Makers who post a quotation, whether in the crowd or not, are required to comply with their firm quote obligations under Exchange Rule 6.86–O and Rule 602(b) of Regulation NMS. If the Market Maker leaves the crowd, it is up to them to remove their quote or to honor any executions that occur while their quote remains posted. Further, this provision is not included in the current NYSE American Rule 925NY.

Current Commentary .04 states that the obligations of a Market Maker with respect to those classes of option contracts to which he holds an appointment, pursuant to Rule 6.35–O, shall take precedence over his other Market Maker obligations. This provision is not included in the current NYSE American Rule 925NY. This provision is also not necessary as proposed Rule 6.37–O(b) would include all of a Market Makers obligations for options classes for which they are appointed, and a Market Maker would be required to satisfy those obligations regardless of whether that Market Maker is engaged in other market making activities. Furthermore, proposed paragraph (d) to Exchange Rule 6.37–O states that "[w]ith respect to classes of option contracts outside of their appointment, Market Makers should not engage in transactions for an account in which they have an interest that are disproportionate in relation to, or in derogation of, the performance of their obligations as specified in this Rule with respect to the classes in their appointment."

Current Commentary .05 states that whenever a Floor Broker enters a trading crowd and calls for a market in any class and series at that post, each Market Maker present at the post where the option is traded is obligated, at a minimum, to make a market for one contract except as provided for in Rule 6.37–O(b)(5) and Rule 6.37–O(c)(4), at

¹³ See proposed Exchange Rule 6.37–O(b) and (b)(4).

the established price. In addition, the Exchange may determine that Market Makers in trading crowds shall increase the depth of their markets as set forth in Options Floor Procedure Advice B–12. In the event a Floor Broker is unable to satisfy his order from bids and offers given in the crowd, the Trading Official may assign one contract to every Market Maker present within the primary zone to assist the Floor Broker in satisfying his order. If a Market Maker at the post either bids lower or offers higher than the established market, such Market Maker shall be obligated to trade one contract at the price quoted by the Market Maker. This provision is not necessary and is not included in the current NYSE American Rule 925NY. As amended, proposed Rule 6.37–O(b)(2) would require a Market Maker to make markets that will be honored for the number of contracts entered into the System in all series of options classes within the Market Maker's appointment.

Current Commentary .06 states that the maintenance of a fair and orderly market has been determined to be impaired in instances where a Market Maker refuses to honor a market quotation that has just been given, in response to a request for a market. This provision is not necessary as the proposed rule requires Market Makers to enter two-sided quotations in the options classes that they are appointed and to honor those quotations.¹⁴ This provision is also not included in the current NYSE American Rule 925NY.

Current Commentary .08 states that a Market Maker may be compelled to buy/sell a specified quantity of option contracts at the disseminated bid/offer pursuant to his obligations under Rule 6.86–O. The Exchange does not propose to retain this provision as a similar provision is not included in the current NYSE American Rule 925NY. In addition, the obligation set forth in Commentary .08 are redundant with Market Maker's obligation to not only comply with the Exchange's firm quote obligations set forth under Exchange Rule 6.86–O, but also their obligations to comply with Rule 602 of Regulation NMS. Moreover, a Market Maker's firm quote obligations are also discussed in proposed paragraph (b)(2) to Exchange Rule 6.37–O which requires Market Makers to make markets that will be honored for the number of contracts entered into the System.

Current Commentary .09 states that the Exchange or its authorized agent may calculate bids and asks for various indices for the sole purpose of

¹⁴ See proposed paragraphs (b) and (f) of Exchange Rule 6.37–O.

determining permissible bid/ask differentials on options on these indices. These values will be calculated by determining the weighted average of the bids and asks for the components of the corresponding index. These bids and asks will be disseminated by the Exchange at least every fifteen (15) seconds during the trading day solely for the purpose of determining the permissible bid/ask differential that Market Makers may quote on an in-the-money option on the indices. For in-the-money series in index options where the calculated bid/ask differential is wider than the applicable differential set out in subparagraph (b)(1) of Rule 6.37–O, the bid/ask differential in the index option series may be as wide as the calculated bid/ask differential in the underlying index. The Exchange will not make a market in the basket of stock comprising the indices and is not guaranteeing the accuracy or the availability of the bid/ask values. This provision is not necessary as the Exchange no longer performs the calculations described in the Commentary .09. Removing this provision would, therefore, more accurately describe the operation of the system in the Exchange's rules. A similar provision is also not included in the current NYSE American Rule 925NY.

Exchange Rule 6.41–O, Market Maker Marketing Reports

The Exchange proposes to delete the text of Exchange Rule 6.41–O, entitled Market Maker Marketing Reports. Exchange Rule 6.41–O states that the Exchange will provide its Market Makers with statistical reports designed to measure trading volume and participation in trading activity in each option issue traded on the Exchange. The reports are to provide monthly trading information that identifies, by order flow provider, the issue and number of contracts traded, the Lead Market Maker post where the issue is traded, the contra and executing broker symbols, and whether the trade was executed through the Exchange's OX electronic trading system or manually in the trading crowd. Under its rules, the Exchange currently provides other reports, including reports related to compared trades.¹⁵ However, the Exchange no longer provides the report described in Exchange Rule 6.41–O to Market Makers, no Market Maker has requested such report, no other rule or regulation requires the Exchange to provide such report, and that the rules

of its affiliate, NYSE American, do not include a similar provision. Therefore, the Exchange proposes to delete the text of Exchange Rule 6.41–O to avoid potential confusion regarding the specific reports produced by the Exchange. The Exchange also proposes to delete a cross-reference to Exchange Rule 6.41–O in Exchange Rule 11.16, Books and Records.

Exchange Rule 6.43–O, Options Floor Broker Defined

The Exchange proposes to amend 6.43–O(b)(1) and (2) to replace the definition of “Professional Customer” with the single-use term “Qualified Customer” in connection with the limited public business that qualified Floor Brokers and their Floor Clerks may conduct. Rule 6.43–O(b) defines both the permissible conduct of a limited public business and defines the term “Professional Customer”, for purposes of Rule 6.43–O(b).¹⁶ Exchange Rule 6.1A–O(4A) also defines the term “Professional Customer”, but does so differently.¹⁷ To avoid unnecessary complexity or confusion concerning the duplicate definitions of “Professional Customer”, the Exchange proposes to amend 6.43–O(b) to replace the definition of “Professional Customer” with the single-use term “Qualified Customer” in connection with the limited public business, and to limit the use of “Qualified Customer” to Rule 6.43–O(b). This proposed change would also harmonize NYSE Arca Rule 6.43–O(b)(1) and (2) with NYSE American Rules 930NY(b)(1) and (2).¹⁸

¹⁶ Exchange Rule 6.43(b)(2) defines “Professional Customer” as “a bank; trust company; insurance company; investment trust; a state or political subdivision thereof; charitable or non-profit educational institution regulated under the laws of the United States, or any state, or pension or profit sharing plan subject to ERISA or of any agency of the United States as of a state or political subdivision thereof; or any person (other than a natural person) who has, or who has under management, net tangible assets of at least sixteen million dollars.”

¹⁷ The definition of “Professional Customer” in Rule 6.1A–O(4A), which is broader than the definition in Rule 6.43–O(b)(2), defines a “Professional Customer” as an individual or organization that is not a Broker/Dealer in securities and places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). Rule 6.1A–O(4A) also defines the treatment of a Professional Customer under various Exchange rules *except* Rule 6.43–O(b), and defines how to calculate the number of Professional Customers orders in connection with different order types.

¹⁸ See Securities Exchange Act Release No. 81670 (September 21, 2017), 82 FR 45095 (September 27, 2017) (SR–NYSEAMER–2017–18) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Update and Amend its Options Rules, as Described Herein, To Reduce Unnecessary Complexity and To Promote Standardization and Clarity).

Exchange Rule 6.47–O, “Crossing” Orders—OX

The Exchange proposes to amend Rule 6.47–O, its crossing rule, by replacing outdated references to the requirement that execution prices “be equal to or better than the NBBO” with updated cross-references to the Rule 6.94–O, the current plenary Order Protection Rule. In addition, in connection with non-facilitation (regular way) crosses, facilitation procedures, crossing of solicited orders, and customer-to-customer crosses, the Exchange proposes to delete from Rule 6.47–O(a)(3), (b)(5), (c)(3), and (e)(3) the sentences that provide that “[t]he orders will be cancelled or posted in the Book if an execution would take place at a price that is inferior to the NBBO”. Exchange Rule 6.94–O governs such situations, and the orders will not be cancelled or posted but would trade through in accord with the exemptions in Exchange Rule 6.94–O. This proposed change would also harmonize NYSE Arca Rule 6.47–O with NYSE American Rules 934NY.¹⁹

Exchange Rule 6.67–O, Order Format and Entry Requirements

The Exchange proposes to amend Rule 6.67–O(d)(2)(A) to replace an outdated reference to require timestamps be synchronized to the “NIST Clock” with a reference to Rule 11.6820, the current Consolidated Audit Trail (“CAT”) clock synchronization rule. Specifically, in connection with Rule 6.67–O(d)(2)(A), which governs contingency reporting procedures when an exception to the Electronic Order Capture System (“EOC”) applies, the Exchange proposes to delete an outdated reference to “(a timestamp synchronized with the National Institute of Standards and Technology Atomic Clock in Boulder Colorado ‘NIST Clock’ will be available at all OTP Holder and OTP Firm booths and trading posts” and replace it with a requirement that all order events must conform to the requirements of Rule 11.6820. For further clarity, the Exchange also proposes to delete “immediately” from the text of the rule because Rule 11.6820 sets the operative standard. This proposed change would also harmonize NYSE Arca Rule 6.67–O(d)(2)(A) with NYSE American Rules 955NY(d)(2)(A).²⁰

Exchange Rule 6.69–O, Reporting Duties

The Exchange proposes to amend Exchange Rule 6.69–O(b)(iii) to harmonize it with NYSE American Rule

¹⁵ See Exchange Rules 6.18–O, 6.19–O, and 6.21–O.

¹⁹ *Id.*

²⁰ *Id.*

957NY(b)(iii). Exchange Rule 6.69–O(b) governs reporting of transactions on the options floor and subparagraph (iii) is specific to Complex Orders. In particular, subparagraph (b)(iii) of Rule 6.69–O currently states that for Complex Order transactions, “between two Floor Brokers or two Market Makers, the party responsible for reporting the transaction shall be the OTP Holder that first initiated the transaction.” The Exchange proposes to delete this language and replace it with “where the transaction is made up of both buy and sell orders and priced on a net debit/credit basis, the seller shall be determined to be the OTP Holder participating on the ‘debit’ side of the trade.” Doing so would harmonize the reporting requirements for Complex Orders under Rule 6.69–O(b)(iii) with those for complex orders under NYSE American Rule 957NY(b)(iii),²¹ thereby providing consistent reporting obligations across the Exchange and its affiliate.

Exchange Rule 6.75–O, Priority and Order Allocation Procedures—Open Outcry

The Exchange proposes to conform Rule 6.75–O governing the priority of Complex Orders²² in open outcry to its Rule 6.91–O governing Electronic Complex Orders.²³ Rule 6.91–O(a)(1) governs the priority of Electronic Complex Orders²⁴ in the Consolidated Book and states that “Electronic Complex Orders in the Consolidated Book shall be ranked according to price/time priority based on the *total or net debit or credit* and the time of entry of the order” (*emphasis added*).²⁵ Specifically, the Exchange proposes to conform Rule 6.75–O(g) to Rule 6.91–O(a)(1) by amending Rule 6.75–O(g) to provide that a Complex Order and Stock/Complex Orders may be executed at a “total or” net debit or credit price. The proposed change would, therefore, not result in any change to the manner in which Complex Orders are handled under the Exchange’s rules. This proposed change would also harmonize Exchange Rule 6.75–O(g) with NYSE American Rule 963NY(d).²⁶

²¹ *Id.*

²² See NYSE Arca Rule 6.62–O(e).

²³ See NYSE Arca Rule 6.91–O.

²⁴ An “Electronic Complex Order” means “any Complex Order as defined in Rule 6.62–O(e) or any Stock/Option Order or Stock/Complex Order as defined in Rule 6.62–O(h) that is entered into the NYSE Arca System (the ‘System’).” *Id.*

²⁵ See Exchange Rule 6.91–O(a)(1).

²⁶ Securities Exchange Act Release No. 81670 (September 21, 2017), 82 FR 45095 (September 27, 2017) (SR–NYSEAMER–2017–18) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Update and Amend its Options Rules, as Described Herein, To Reduce Unnecessary

2. Statutory Basis

The proposed rule changes are consistent with Section 6(b)²⁷ of the Act, in general, and furthers the objectives of Section 6(b)(5),²⁸ 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.

Specifically, the Exchange believes that conforming and harmonizing its rules to the rules of an affiliated exchange governing the same subject matter, updating its rules by harmonizing its Market Maker obligation with its affiliate, NYSE American, deleting outdated and updating rule cross-references, eliminating extraneous or redundant text, and therefore potentially confusing or ambiguous language, would remove impediments to and perfect a national market system by simplifying and reducing the complexity of its rules and regulatory requirements. The Exchange notes that it and its affiliate, NYSE American, operate in a similar manner and consistent rules across the Exchange and NYSE American would reduce the likelihood of potential investor confusion. Furthermore, the proposed rule change would provide for standardized rules and a consistent set of obligations for common members as well as those members that are engaged in market making activities on both the Exchange and NYSE American. The Exchange also believes that these proposed amendments would be consistent with the public interest and the protection of investors because investors would benefit from the proposal to harmonize, simplify, update and clarify the rules discussed herein. Further, the Exchange believes that the proposed rule change would benefit investors by improving the transparency and clarity of the Exchange’s rules.

In particular, the Exchange believes that by updating and conforming its rules governing Market Maker obligations to the rules of NYSE American, its affiliated exchange, removes impediments to and perfects the mechanism of a free and open market and a national market system by providing consistent, standardized rules governing Market Makers across both

Complexity and To Promote Standardization and Clarity).

²⁷ 15 U.S.C. 78f(b).

²⁸ 15 U.S.C. 78f(b)(5).

the Exchange and its affiliate. It should also aid those firms that engage in market making activity on both the Exchange and NYSE American with identical obligations, thereby aiding those firms in complying with the Exchange’s rules by providing a harmonized set of regulatory obligations.

Furthermore, by removing extraneous language from Exchange Rule 6.17–O, Commentary .01, deleting outdated text under Exchange Rule 6.41–O regarding a report no longer produced to Market Makers by the Exchange, replacing the definition of “Professional Customer” with the single-use term “Qualified Customer” under Exchange Rule 6.43–O in connection with the limited public business that qualified Floor Brokers and their Floor Clerks may conduct, by harmonizing Exchange Rule 6.47–O, its crossing rule, with NYSE American Rule 934NY by replacing outdated and potentially ambiguous references to the NBBO with cross-references to the current plenary Order Protection Rule, by updating and clarifying Exchange Rule 6.67–O governing its order format and system entry requirements by replacing an outdated reference with a reference to the current operative CAT time synchronization rule, and by conforming Exchange Rule 6.75–O governing the priority of complex orders in open outcry to its rule governing Electronic Complex Orders, would also promote just and equitable principles of trade, would remove impediments to and perfects the mechanism of a free and open market and a national market system, and, in general, would help to protect investors and the public interest by providing transparency as to which rules are operable, and by reducing potential confusion that may result from having outdated or redundant rules or cross-references in the Exchange’s rulebook. Lastly, the Exchange notes that the proposed changes to Exchange Rules 6.37–O, 6.43–O(b), 6.47–O, 6.67–O(d)(2)(A), 6.69–O(b)(iii), and 6.75–O(g) are based on the rules of its affiliate, NYSE American.²⁹ The Exchange further believes that the proposed rule changes would remove impediments to and perfect the mechanism of a free and open market by ensuring that members, regulators and the public can more

²⁹ See, e.g., NYSE American Rules 925NY, 930NY, 934NY, 955NY, 957NY, and 936NY. See also, e.g., Securities Exchange Act Release No. 81670 (September 21, 2017), 82 FR 45095 (September 27, 2017) (SR–NYSEAMER–2017–18) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Update and Amend its Options Rules, as Described Herein, To Reduce Unnecessary Complexity and To Promote Standardization and Clarity).

easily navigate and understand the Exchange's rulebook, thereby avoiding potential confusion.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule changes will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed changes are not designed to address any competitive issue or attract additional order flow to the Exchange. Rather, these changes would update, remove, and clarify outdated cross-references and definitions, and redundant language, and also conform the Exchange's rules and definitions to the rules of an affiliated exchange, thereby reducing potential confusion and making the Exchange's rules easier to understand and navigate. The Exchange notes that it and its affiliate, NYSE American, operate in a similar manner and consistent rules across the Exchange and NYSE American would reduce the likelihood of potential investor confusion. Therefore, the proposed rule change is not intended to impose a burden on competition but rather provide for standardized rules and a consistent set of obligations for common members as well as those members that are engaged in market making activities on both the Exchange and NYSE American.

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 Act³⁰ and Rule 19b-4(f)(6) thereunder.³¹ 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 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)³² 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 email to rule-comments@sec.gov. Please include File Number SR-NYSEARCA-2018-65 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-2018-65. This file number should be included on the subject line if email 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-NYSEARCA-2018-65 and should be submitted on or before October 9, 2018.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³³

Eduardo A. Aleman,

Assistant Secretary.

[FR Doc. 2018-20193 Filed 9-17-18; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

Proposed Collection; Comment Request

Upon Written Request Copies Available From: Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE, Washington, DC 20549-2736

Extension:

Regulation 14A (Commission Rules 14a-1 through 14a-21 and Schedule 14A), SEC File No. 270-056, OMB Control No. 3235-0059

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission ("Commission") is soliciting comments on the collection of information summarized below. The Commission plans to submit this existing collection of information to the Office of Management and Budget for extension and approval.

Section 14(a) of the Securities Exchange Act of 1934 (the "Exchange Act") operates to make it unlawful for a company with a class of securities registered pursuant to Section 12 of the Exchange Act to solicit proxies in contravention of such rules and regulations as the Commission has prescribed as necessary or appropriate in the public interest or for the protection of investors. The Commission

³⁰ 15 U.S.C. 78s(b)(3)(A)(iii).

³¹ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires the Exchange to give the Commission written notice of the Exchange's intent to file the proposed rule change, along with a brief description and 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.

³² 15 U.S.C. 78s(b)(2)(B).

³³ 17 CFR 200.30-3(a)(12).