



Martha Redding
Associate General Counsel
Assistant Secretary

April 12, 2021

VIA E-MAIL

Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090

Re: Securities Exchange Act Rel. 34-90495 (SR-NYSE-2020-95)

Dear Secretary:

NYSE LLC, Inc. filed the attached Amendment No. 1 to the above-referenced filing on April 12, 2021.

Sincerely,

A handwritten signature in blue ink, appearing to be the initials "MR" or similar, written in a cursive style.

(Encl. Amendment No. 1 to (SR-NYSE-2020-95))

Required fields are shown with yellow backgrounds and asterisks.

Filing by New York Stock Exchange LLC
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			Rule		
Pilot	Extension of Time Period for Commission Action *	Date Expires *	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010 Section 806(e)(1) * <input type="checkbox"/> Section 806(e)(2) * <input type="checkbox"/>	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 Section 3C(b)(2) * <input type="checkbox"/>
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Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Last Name *

Title *

E-mail *

Telephone * Fax

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title *)

Date Assistant Secretary

By

(Name *)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFF website.

Form 19b-4 Information *

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

- (a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”)¹ and Rule 19b-4 thereunder,² New York Stock Exchange LLC (“NYSE” or the “Exchange”) proposes to make permanent Commentaries .01(a) and (b) and .06 to Rule 7.35A and Commentaries .01 and .03 to Rule 7.35B and make related changes to Rules 7.32, 7.35C, 46B, and 47. This Amendment No. 1 supersedes the original filing in its entirety.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1, and the text of the proposed rule change is attached as Exhibit 5.

- (b) The Exchange does not believe that the proposed rule change will have any direct effect, or any significant indirect effect, on any other Exchange rule in effect at the time of this filing.
- (c) Not applicable.

2. Procedures of the Self-Regulatory Organization

Senior management has approved the proposed rule change pursuant to authority delegated to it by the Board of the Exchange. No further action is required under the Exchange’s governing documents. Therefore, the Exchange’s internal procedures with respect to the proposed rule change are complete.

The person on the Exchange staff prepared to respond to questions and comments on the proposed rule change is:

Clare F. Saperstein
Associate General Counsel
NYSE Group, Inc.
(212) 656-2355

3. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

- (a) Purpose

The Exchange proposes to make permanent Commentaries .01(a) and (b) and .06 to Rule 7.35A (DMM-Facilitated Core Open and Trading Halt Auctions) and Commentaries .01 and .03 to Rule 7.35B (DMM-Facilitated Closing Auctions)

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

and make related changes to Rules 7.32 (Order Entry), 7.35C (Exchange-Facilitated Closing Auctions), 46B (Regulatory Trading Official), and 47 (Floor Officials - Unusual Situations).³

Background

In connection with the closing of the Trading Floor facilities located at 11 Wall Street in New York City as of March 23, 2020 and moving the Exchange, on a temporary basis, to fully electronic trading,⁴ and subsequent reopening of the Trading Floor on a limited basis first to Floor Brokers on May 26, 2020⁵ and then to DMMs on June 15, 2020,⁶ the Exchange added Commentaries .01 and .06 to Rule 7.35A and Commentaries .01 and .03 to 7.35B.⁷ Currently, these Commentaries are in effect until the earlier of a full reopening of the Trading Floor facilities to DMMs or after the Exchange closes on April 30, 2021.⁸

Specifically, Commentary .01 to Rule 7.35A provides:

For a temporary period that begins March 23, 2020, when the Trading

³ In this Amendment No. 1, the Exchange proposes that the percentage parameter that would be applicable to when a DMM may electronically facilitate a Trading Halt Auction or would be required to publish a pre-opening indication would be 5% instead of 10%.

⁴ Pursuant to Rule 7.1(e), the CEO notified the Board of Directors of the Exchange of her determination under Rule 7.1(c)(3). The Exchange's rules establish how the Exchange will function fully-electronically. See Press Release, dated March 18, 2020, available here: <https://ir.theice.com/press/press-releases/all-categories/2020/03-18-2020-204202110>.

⁵ See Securities Exchange Act Release No. 88933 (May 22, 2020), 85 FR 32059 (May 28, 2020) (SR-NYSE-2020-47) (Notice of filing and immediate effectiveness of proposed rule change).

⁶ See Securities Exchange Act Release No. 89086 (June 17, 2020) (SR-NYSE-2020-52) (Notice of filing and immediate effectiveness of proposed rule change).

⁷ See Securities Exchange Act Release Nos. 88444 (March 20, 2020), 85 FR 17141 (March 26, 2020) (SR-NYSE-2020-22) (amending Rules 7.35A to add Commentary .01, 7.35B to add Commentary .01, and 7.35C to add Commentary .02) and 89086 (June 17, 2020), 85 FR 37712 (SR-NYSE-2020-52) (amending Rules 7.35A to add Commentary .06, 7.35B to add Commentary .03, 76 to add Supplementary Material 20, and Supplementary Material .30 to Rule 36).

⁸ See Securities Exchange Act Release No. 90795 (December 23, 2020), 85 FR 86608 (December 30, 2020) (SR-NYSE-2020-106) (Notice of filing and immediate effectiveness of proposed rule change to extend the temporary period for Commentaries to Rules 7.35, 7.35A, 7.35B, and 7.35C; and temporary rule relief in Rule 36.30 to end on the earlier of a full reopening of the Trading Floor facilities to DMMs or after the Exchange closes on April 30, 2021).

Floor facilities have been closed pursuant to Rule 7.1(c)(3), and ends on the earlier of a full reopening of the Trading Floor facilities to DMMs or after the Exchange closes on December 31, 2020:

(a) The percentage price parameters in paragraph (c)(1)(G) and (c)(2) of this Rule are suspended and a DMM may not effect a Core Open or Trading Halt Auction electronically if the Core Open or Trading Halt Auction Price will be more than 10% away from the Consolidated Last Sale Price.

(b) The volume parameters in paragraph (c)(1)(H) of this Rule are suspended.

(c) The requirement to publish a pre-opening indication pursuant to paragraph (d) of this Rule before either a Core Open or Trading Halt Auction is suspended.

Commentary .06 to Rule 7.35A provides:

For a temporary period that begins on June 17, 2020 and ends on the earlier of a full reopening of the Trading Floor facilities to DMMs or after the Exchange closes on December 31, 2020, the Applicable Price Range specified in paragraphs (d)(3)(A) and (B) of this Rule is suspended and the Applicable Price Range will be 10% for securities with an Indication Reference Price higher than \$3.00 and \$0.30 for securities with an Indication Reference Price equal to or lower than \$3.00.

Commentary .01 to Rule 7.35B provides:

For a temporary period that begins March 23, 2020, when the Trading Floor facilities have been closed pursuant to Rule 7.1(c)(3), and ends on the earlier of a full reopening of the Trading Floor facilities to DMMs or after the Exchange closes on December 31, 2020:

(a) The percentage price parameters in paragraph (c)(1)(G) of this Rule are suspended and a DMM may not effect a Closing Auction electronically if the Closing Auction Price will be more than 10% away from the Exchange Last Sale Price.

(b) The volume parameters in paragraph (c)(1)(H) of this Rule are suspended

Finally, Commentary .03 to Rule 7.35B provides:

For a temporary period that begins on June 17, 2020 and ends on the earlier of a full reopening of the Trading Floor facilities to DMMs or after the Exchange closes on December 31, 2020, Floor Broker Interest will not

be eligible to participate in the Closing Auction.

Proposed Rule Changes

Proposed Changes to Parameters for DMM-Facilitated Electronic Auctions

The Exchange proposes to make permanent the parameters for DMM-facilitated electronic auctions that are currently in effect on a temporary basis as set forth in Commentaries .01(a) and (b) to Rule 7.35A and Commentary .01 to Rule 7.35B, with one proposed change for Trading Halt Auctions.

Current Rules 7.35A(c)(1)(G) and (H) provide that a DMM may not effect a Core Open or Trading Halt Auction electronically if (i) the Auction Price will be more than 4% away from the Consolidated Last Sale Price,⁹ or (ii) the paired volume for the Auction will be more than 1,500 round lots for securities with an average opening volume of 1,000 round lots or fewer in the previous calendar quarter, or 5,000 round lots for securities with an average opening volume of over 1,000 round lots in the previous calendar quarter. Rule 7.35A(c)(2) further provides that if as of 9:00 a.m., the E-mini S&P 500 Futures are +/- 2% from the prior day's closing price of the E-mini S&P 500 Futures, or if the Exchange determines that it is necessary or appropriate for the maintenance of a fair and orderly market, a DMM may effect an opening or reopening electronically if the Auction Price will be up to 8% away from Consolidated Last Sale Price, without any volume limitations.

Current Rule 7.35B(c)(1)(G) and (H) provide that a DMM may not effect a Closing Auction electronically if (i) the Auction Price will be more than a designated percentage away from the Exchange Last Sale Price,¹⁰ or (ii) the paired volume for the Closing Auction will be more than 1,000 round lots for such security. The designated percentages are currently as follows:

Exchange Last Sale Price	Designated Percentage
\$25.00 and below	5%
\$25.01 to \$50.00	4%

⁹ The term “Consolidated Last Sale Price” is defined in Rule 7.35 to mean the most recent consolidated last-sale eligible trade in a security on any market during Core Trading Hours on that trading day, and if none, the Official Closing Price from the prior trading day for that security.

¹⁰ The term “Exchange Last Sale Price” is defined in Rule 7.35 to mean the most recent trade on the Exchange of a round lot or more in a security during Core Trading Hours on that trading day, and if none, the Official Closing Price from the prior trading day for that security.

Above \$50.00	2%
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The Exchange proposes to make the price percentage parameter 10% and eliminate the volume restrictions for DMM-facilitated Core Open Auctions and Closing Auctions. These parameters are currently in effect on a temporary basis pursuant to Commentaries .01(a) and (b) to Rule 7.35A and Commentary .01 to Rule 7.35B not only for Core Open Auctions and Closing Auctions, but also for Trading Halt Auctions. The Exchange believes that making these temporary Commentaries permanent would promote fair and orderly DMM-facilitated Core Open Auctions and Closing Auctions. For DMM-facilitated Trading Halt Auctions, the Exchange proposes to make the price parameter 5% (instead of 10%) and eliminate the volume restrictions.

In particular, DMMs have been operating with the temporary parameters for Core Open, Trading Halt Auctions, and Closing Auctions since March 23, 2020. Accordingly, these temporary parameters have been in effect not only during the period when the Trading Floor was closed in full, but also for the period when the Trading Floor has partially reopened to reduced staff of DMM and Floor brokers firms. In addition, these temporary parameters have been in effect during periods of both extreme volatility and high trading volumes. Accordingly, DMMs have had over six months' of experience of electronically facilitating Auctions within these temporary parameters and apply them during varying market conditions.

The Exchange has observed that during the period when these temporary parameters have been in effect, DMMs have facilitated more Core Open Auctions electronically, resulting in a higher percentage of Core Open Auctions occurring within two seconds of 9:30 a.m. Eastern Time. For example, in February 2020, which was before the Trading Floor closed, DMMs effected electronically 85.9% of all Core Open Auctions and 75.9% of Core Open Auctions in S&P 500 securities. By contrast, for the period July 2020 through October 2020, after when DMMs had returned to the Trading Floor, DMMs effected electronically 96% of all Core Open Auctions and 89.6% of Core Open Auctions in S&P 500 securities. The increased number of DMM electronically-facilitated Core Open Auctions has resulted in more Core Open Auctions occurring close to the beginning of Core Trading Hours. For example, in February 2020, 85.9% of all Core Open Auctions, and 75.9% of Core Open Auctions in S&P 500 securities, occurred within two seconds of 9:30 a.m. Eastern Time. By contrast, for the period July 2020 through October 2020, 95.9% of all Core Open Auctions, and 89.6% of Core Open Auctions in S&P 500 securities, occurred within two seconds of 9:30 a.m. Eastern Time.

The Exchange has observed similar trends for Closing Auctions, with DMMs facilitating more Closing Auctions electronically, which means more Closing Auctions occurring closer to 4:00 p.m. Eastern Time. In February 2020, DMMs effected electronically 57% of all Closing Auctions and 5.5% of Closing Auctions in S&P 500 securities. By contrast, for the period July 2020 through October

2020, DMMs effected electronically 90.9% of all Closing Auctions, and 53.6% of Closing Auctions in S&P 500 securities. Currently, DMM electronically-facilitated Closing Auctions occur shortly after 4:00 p.m. Eastern Time.¹¹ Accordingly, the increased number of DMM electronically-facilitated Closing Auctions translates to an increase in the number of Closing Auctions that occur close to 4:00 p.m. Eastern Time. Because the temporary wider percentage parameters and eliminated volume parameters have resulted in more Core Open Auctions and Closing Auctions occurring at 9:30 a.m. Eastern Time or 4:00 p.m. Eastern Time, respectively, the Exchange believes that making these temporary parameters permanent would support the continued fair and orderly operation of Auctions on the Exchange.

The Exchange also notes that during the period when the temporary parameters have been in place, the Exchange has not observed greater auction price dislocation compared to the period immediately preceding implementation of these temporary parameters, and has even observed modest improvement. The Exchange defines auction price dislocation as the difference between the Core Open Auction price and the consolidated volume-weighted average price (“VWAP”) over the subsequent five-minute period, or the difference between the Closing Auction price and the consolidated VWAP over the two minutes preceding the Closing Auction; the lower the difference, the lower the auction price dislocation. In February 2020, the Exchange’s average Core Open Auction dislocation was 3.27x a security’s average spread; for the period July 2020 through October 2020 the average was 3.22x a security’s average spread.¹² Similarly, the median Core Open Auction dislocation fell from 1.84x a security’s average spread to 1.78x a security’s average spread.

The Exchange also observed similar trends in the Closing Auction price dislocation statistics. In February 2020, the Exchange’s average Closing Auction Price Dislocation was 0.82x a security’s average spread; for the period July 2020

¹¹ When Floor Broker Interest was eligible to participate in the Closing Auction, DMM electronically-facilitated Closing Auctions occurred at 4:02 p.m. Eastern Time. Because there has been no Floor Broker Interest for the Closing Auction during the period while the Trading Floor has been temporarily closed, the Exchange moved the time for DMM electronically-facilitated Closing Auctions to closer to 4:00 p.m. With the proposed change, described below, to permanently eliminate Floor Broker Interest for the Closing Auction, the Exchange would continue to conduct DMM electronically-facilitated Closing Auctions shortly after 4:00 p.m., rather than revert to the 4:02 p.m. time for such auctions.

¹² Market volatility was, on average, lower in February 2020 as compared to July 2020 - October 2020. Calculating the price dislocation metric in terms of a security’s average spread incorporates the wider spreads in the latter period and allows for a better comparison between the two periods.

through October 2020, the average was 0.69x a security's average spread.¹³ Median Closing Auction dislocation also dropped from 0.5x to 0.43x a security's average spread in the respective periods. Because the temporary wider percentage parameters have not resulted in greater auction price dislocation, the Exchange believes that making these parameters permanent would continue to support fair and orderly Auctions on the Exchange.

To effect these changes, the Exchange proposes to:

- Amend Rule 7.35A(c)(1)(G) to replace the current 4% price parameter for Core Open Auctions with a 10% price parameter and amend Rule 7.35A(c)(1)(H) to replace the current 4% price parameter for Trading Halt Auctions with a 5% price parameter. Because the proposed price parameter would be 10% for Core Open Auctions, the Exchange believes that the need for the double-wide parameters set forth in Rule 7.35A(c)(2) for Core Open Auctions would no longer be necessary and the Exchange proposes to delete that text.
- Delete the volume parameters specified in Rule 7.35A(c)(1)(H).
- Amend Rule 7.35A(j)(1)(A) to delete reference to volume parameters.
- Amend Rule 7.35B(c)(1)(G) to replace the reference to “designated percentage” parameter for the Closing Auction with a 10% price parameter. The Exchange further proposes to delete the chart specifying the designated percentages for the Closing Auction.
- Delete Rule 7.35B(c)(1)(H).
- Delete Commentaries .01(a) and (b) to Rule 7.35A.
- Delete the entirety of Commentary .01 to Rule 7.35B.

The Exchange proposes to maintain Commentary .01(c) to Rule 7.35A, which provides that for a temporary period that begins March 23, 2020, when the Trading Floor facilities have been closed pursuant to Rule 7.1(c)(3), and ends on the earlier of a full reopening of the Trading Floor facilities to DMMs or after the Exchange closes on December 31, 2020, the requirement to publish a pre-opening indication pursuant to Rule 7.35A(d) before either a Core Open Auction or Trading Halt Auction is suspended. The Exchange proposes non-substantive amendments to delete subparagraph (c) numbering and move the text of that

¹³ Closing Auction price dislocation is generally lower than Core Open Auction price dislocation, due to the relatively lower levels of volatility around the Closing Auction compared to the Core Open Auction.

subparagraph into the body of Commentary .01.¹⁴

Proposed Changes to Applicable Price Range for Pre-Opening Indications

The Exchange proposes to make permanent that the Applicable Price Range for determining whether to publish a pre-opening indication for a Core Open Auction would be 10% for securities with an Indication Reference Price higher than \$3.00 and \$0.30 for securities with an Indication Reference Price equal to or lower than \$3.00, which is currently in effect on a temporary basis, as set forth in Commentary .06 to Rule 7.35A. The Exchange further proposes that the Applicable Price Range for determining whether to publish a pre-opening indication for a Trading Halt Auction would be 5% for securities with an Indication Reference Price over \$3.00 and \$0.15 for securities with an Indication Reference Price equal to or lower than \$3.00.

Rule 7.35A(d)(1)(A) currently provides that a DMM will publish a pre-opening indication before a security opens or reopens if the Core Open or Trading Halt Auction is anticipated to be a change of more than the “Applicable Price Range,” as specified in Rule 7.35A(d)(3), from a specified “Indication Reference Price,” as specified in Rule 7.35A(d)(2).

Rule 7.35A(d)(3)(A) provides that the Applicable Price Range will be 5% for securities with an Indication Reference Price over \$3.00 and \$0.15 for securities with an Indication Reference Price equal to or lower than \$3.00. Rule 7.35A(d)(3)(B) further provides that,

If as of 9:00 a.m., the E-mini S&P 500 Futures are +/- 2% from the prior day's closing price of the E-mini S&P 500 Futures, when reopening trading following a market-wide trading halt under Rule 7.12, or if the Exchange determines that it is necessary or appropriate for the maintenance of a fair and order market, the Applicable Price Range for determining whether to publish a pre-opening indication will be 10% for securities with an Indication Reference Price over \$3.00 and \$0.30 for securities with an Indication Reference Price equal to or lower than \$3.00.

Current Rule 7.35A(1)(A) further provides that a DMM may not effect a Core Open or Trading Halt Auction electronically if a pre-opening indication has been published for the Core Open Auction. Accordingly, Exchange Rules already provide for a correlation between pre-opening indications and whether a DMM may effect a Core Open or Trading Halt Auction electronically. Currently, that is achieved through similar, though not identical, percentage parameters: the price parameter for DMM-facilitated electronic Core Open and Trading Halt Auctions

¹⁴

The Exchange notes that even though the requirement for pre-opening indications has been suspended, since June 17, 2020, when DMMs returned staff to the Trading Floor, DMMs have published pre-opening indications for IPO Auctions and the two Direct Listing Auctions on September 30, 2020.

is 4% and the Applicable Price Range for pre-opening indications is 5%. When there is market-wide volatility, both are doubled.

The Exchange believes that because of this existing correlation, in connection with permanently widening the price parameters for DMM-facilitated electronic Core Open Auctions to 10%, the Applicable Price Range for determining whether to publish a pre-opening indication should similarly not only be widened, but also be aligned to 10%. Similarly, because the price parameters for DMM-facilitated electronic Trading Halt Auctions would be 5%, the Applicable Price Range for determining whether to publish a pre-opening indication should be aligned to be 5%. With these proposed changes, if there is a significant enough price movement to require a DMM to effect a Core Open or Trading Halt Auction manually, the DMM would be required to publish a pre-opening indication for such Core Open or Trading Halt Auction. The Exchange notes that if a DMM chooses to facilitate a Core Open Auction or Trading Halt Auction manually (*i.e.*, if there is less than a 10% price movement for a Core Open Auction or 5% price movement for a Trading Halt Auction), a DMM could still choose to publish a pre-opening indication in connection with such Auction, even if the Applicable Price Range has not been triggered. For example, DMMs generally publish pre-opening indications for IPO Auctions and Direct Listing Auctions regardless of whether the Applicable Price Range has been triggered.

The Exchange does not believe that permanently widening the Applicable Price Range for when a DMM is required to publish a pre-opening indication would reduce transparency in connection with Core Open and Trading Halt Auctions. The Exchange currently disseminates Auction Imbalance Information for all Core Open Auctions and Trading Halt Auctions.¹⁵ Since August 2019, when the Exchange transitioned Exchange-listed securities to the Pillar trading platform, all Floor broker orders for the Core Open and Trading Halt Auctions must be entered electronically. Accordingly, all such interest is reflected in the Auction Imbalance Information, which was not the case before the Exchange transitioned to Pillar. Accordingly, the Auction Imbalance Information includes information about all buy and sell orders entered in advance of such Auctions.¹⁶

¹⁵ Pursuant to Commentaries .01 and .02 to Rule 7.35, for the temporary period that ends on the earlier of a full reopening of the Trading Floor facilities to DMMs or after the Exchange closes on December 31, 2020, the Exchange includes IPOs and Direct Listings in the Auction Imbalance Information. The Exchange has filed a separate proposed rule change to include IPOs and Direct Listings in the Auction Imbalance Information on a permanent basis. See Securities Exchange Act Release No. 90387 (November 10, 2020) (SR-NYSE-2020-93) (Notice of Filing).

¹⁶ Rule 7.35(a)(4) provides that DMM Auction Liquidity is never included in Auction Imbalance Information. By its terms, DMM Auction Liquidity, as defined in Rule 7.35(d)(8)(A), is entered by the DMM either manually or electronically as part of the DMM unit's electronic message to conduct an Auction. For an Auction effected electronically by the DMM, DMM Auction

To effect this change, the Exchange proposes to combine and amend current Rule 7.35A(d)(3)(A) and (B) to make it a single subparagraph (A) that would provide that the Applicable Price Range for determining whether to publish a pre-opening indication would be 10% for securities with an Indication Reference Price over \$3.00 and \$0.30 for securities with an Indication Reference Price equal to or lower than \$3.00. The Exchange proposes to delete the introductory text to Rule 7.35A(d)(3)(B) regarding circumstances when the Exchange could widen the Applicable Price Range under the current Rule. The Exchange further proposes new text for Rule 7.35A(d)(3)(B) that would provide that the Applicable Price Range for determining whether to publish a pre-opening indication for a Trading Halt Auction would be 5% for securities with an Indication Reference Price over \$3.00 and \$0.15 for securities with an Indication Reference Price equal to or lower than \$3.00. The Exchange further proposes to delete Commentary .06 to Rule 7.35A.

Proposed Changes to Floor Broker Interest for the Closing Auction

The Exchange proposes to make permanent that Floor Broker Interest would not be eligible to participate in the Closing Auction, as set forth in Commentary .03 to Rule 7.35B. The term “Floor Broker Interest” is defined in Rule 7.35(a)(9) to mean orders represented orally by a Floor broker at the point of sale.

Rule 7.35B(a)(1) currently provides that Floor Broker Interest is eligible to participate in the Closing Auction provided that the Floor broker has electronically entered such interest before the Auction Processing Period for the Closing Auction begins. The Rule further provides that for such interest to be eligible to participate in the Closing Auction, a Floor broker must first, by the end of, but not after, Core Trading Hours, orally represent Floor Broker Interest at the point of sale, including symbol, side, size, and limit price, and then second, electronically enter such interest after the end of Core Trading Hours. Current Rules 7.35B(a)(1)(B) and (C) set forth additional requirements relating to electronic acceptance of such interest by the DMM and circumstances when such interest can be cancelled.

On June 17, 2020, when the Exchange reopened the Trading Floor to limited numbers of DMMs, the Exchange added Commentary .03 to Rule 7.35B. Accordingly, from June 17, 2020 to the present, even though reduced numbers of DMMs and Floor brokers are present on the Trading Floor, Floor Broker Interest has not been eligible to participate in the Closing Auction.

Liquidity is entered simultaneously with the DMM facilitating the Auction, which is why it is not included in the Auction Imbalance Information leading up to such Auction. For an Auction effected manually by the DMM, the DMM can factor such interest into the pre-opening indication price range. DMM Orders, as defined in Rule 7.35(d)(8)(B), that may be entered by the DMM in advance of such Auctions would be included in the Auction Imbalance Information.

During this period, the Exchange has observed that even in the absence of Floor Broker Interest, Floor broker participation in Closing Auctions has returned to similar levels of Floor broker participation in the Closing Auction for the period before March 23, 2020. For example, in February 2020, 34.5% of Auction-Only Orders for the Closing Auction were entered as Closing D Orders, which are available only to Floor brokers.¹⁷ In October 2020, 38.8% of the Auction-Only Orders for the Closing Auction were Closing D Orders, which demonstrates that Floor broker participation in the Closing Auction has not only returned since the Trading Floor reopened, but has actually increased as compared to February 2020. Moreover, in February 2020, only 0.1% of total Floor broker orders for the Closing Auction was represented as Floor Broker Interest, and that Floor Broker Interest represented less than 0.01% of the total interest that participated in the Closing Auction. Based on both the relatively small levels of Floor Broker Interest that was participating in the Closing Auction before the Trading Floor closed and the ongoing availability of Closing D Orders for Floor brokers, the Exchange does not believe that eliminating Floor Broker Interest for the Closing Auction would materially impact the ability of Floor brokers to represent customer orders for the Closing Auction.

Based on this experience, the Exchange proposes to make permanent Commentary .03 to Rule 7.35B. To effect this change, the Exchange proposes to amend Rule 7.35B(a)(1) to provide that Floor Broker Interest would not be eligible to participate in the Closing Auction. To provide clarity that a Floor broker would not be permitted to represent verbal interest intended for the Closing Auction, the Exchange further proposes to provide that Floor brokers must enter any orders for the Closing Auction, as defined in Rule 7.31, electronically during Core Trading Hours. The Exchange believes that the cross-reference to Rule 7.31 in the Rule would provide notice to Floor brokers and their customers of which order types are available for electronic entry by Floor brokers for the Closing Auction, which include both Auction-Only Orders described in Rule 7.31(c) and other orders that may be resting on the Exchange Book that are eligible to participate in the Closing Auction. The Exchange also proposes to delete Commentary .03 to Rule 7.35B.

The Exchange proposes to make related changes by deleting the clause “and Floor Broker Interest intended for the Closing Auction as defined in Rule 7.35B(a)(1)” from Rule 7.32. Similarly, the Exchange proposes to delete the text set forth in Rule 7.35C(a)(2) relating to Floor Broker Interest that provides that “Floor Broker Interest that has been electronically accepted by the DMM and that has not been

¹⁷ For Exchange-listed securities, Auction-Only Orders are defined in Rule 7.31 to mean a Limit or Market Order that is to be traded only in an auction pursuant to the Rule 7.35 Series. The Exchange accepts the following Auction-Only Orders for the Closing Auction: Limit-on-Close Order (“LOC Order”), Market-on-Close Order (“MOC Order”), Closing D Order, and Closing Imbalance Offset Orders. All four types of Auction-Only Orders are available to Floor brokers.

cancelled as provided for in Rule 7.35B(a)(1)(C) will be eligible to participate in an Exchange-facilitated Closing Auction.” The Exchange proposes to designate that sub-paragraph as “Reserved.”¹⁸

In addition, the Exchange proposes to delete Rule 46B and amend Rule 47(b). Under Rule 47, Floor Officials have the authority to “supervise and regulate active openings and unusual situations that may arise in connection with the making of bids, offers or transactions on the Floor.” The Exchange recently amended its rules to add Regulatory Trading Officials (“RTO”), which are defined in Rule 46B.¹⁹ As described in the RTO Approval Order, unusual situations that may arise in connection with Floor Broker Interest for the Closing Auction could be “if the Floor broker hand-held device malfunctions or ceases to work or if a Floor broker is physically impeded, as a result of a crowd condition beyond that of normal traffic flow on the Exchange’s trading Floor or some other circumstance beyond the Floor broker’s control, in his or her ability to be present at a post before the DMM closes the security.”²⁰ The Exchange amended Rule 47 to add subparagraph (b), which provides that RTOs, instead of Floor Officials, would be responsible for supervising and regulating situations regarding whether a verbal bid or verbal offer is eligible for inclusion in the Closing Auction by the DMM.

Because the Exchange proposes to eliminate verbal bids or verbal offers for the Closing Auction, the Exchange proposes to delete the last clause of Rule 47(a) and subparagraph (b) to Rule 47.²¹ As proposed, Rule 47 would revert to the rule text in effect prior to the RTO Approval Order and would provide that “Floor Officials shall have power to supervise and regulate active openings and unusual situations that may arise in connection with the making of bids, offers or transactions on the Floor.” With this proposed change, RTOs would no longer have a role under Exchange rules. Therefore, the Exchange proposes to delete Rule 46B.

The Exchange also proposes to delete Commentary .02 to Rule 7.35B. This Commentary is obsolete because it has not been in effect since May 22, 2020.

¹⁸ The Exchange has a pending proposed rule change to amend Rule 7.35C(a). See (SR-NYSE-2020-89).

¹⁹ See Securities Exchange Act Release No. 88765 (April 29, 2020), 85 FR 26771 (May 5, 2020) (SR-NYSE-2020-03) (“RTO Approval Order”).

²⁰ Id. at 26772.

²¹ RTOs were approved when the Trading Floor was temporarily closed. Id. Because Commentary .03 to Rule 7.35B was implemented when DMMs returned to the Trading Floor, there has not been any Floor Broker Interest for Closing Auctions since RTOs were created and therefore RTOs have not had to perform the functions as described in Rule 46(b).

(b) Statutory Basis

The Exchange believes that the proposal is consistent with Section 6(b) of the Act,²² in general, and furthers the objectives of Sections 6(b)(5) of the Act,²³ 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 regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to, and perfect the mechanisms of, a free and open market and a national market system and, in general, to protect investors and the public interest and because it is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

Proposed Changes to Parameters for DMM-Facilitated Electronic Auctions

The Exchange believes that the proposed change to make permanent the parameters for DMM-facilitated electronic Core Open Auctions and Trading Halt Auctions that are currently in effect on a temporary basis as set forth in Commentaries .01(a) and (b) to Rule 7.35A and Commentary .01 to Rule 7.35B would remove impediments to and perfect the mechanism of a free and open market and a national market system because the Exchange believes that these updated parameters would promote fair and orderly Auctions on the Exchange. These temporary parameters have been in effect not only during the period when the Trading Floor was closed in full, but also for the period when the Trading Floor has partially reopened to reduced staff of DMM and Floor brokers firms. In addition, these temporary parameters have been in effect during periods of both extreme volatility and high trading volumes. Accordingly, DMMs have had over six months' of experience of electronically facilitating Auctions within these temporary parameters and applying them during varying market conditions.

During this period, the Exchange has observed that with these temporary parameters, a higher number of Core Open Auctions and Closing Auctions have been electronically facilitated by the DMM, which has resulted in a greater number of Core Open Auctions and Closing Auctions occurring shortly after 9:30 a.m. or 4:00 p.m., respectively. The Exchange has further observed that there have been modest improvements in auction price dislocation during the period when these temporary parameters have been in place. Accordingly, the Exchange believes that making these parameters permanent would promote the continued fair and orderly operation of Auctions for Exchange-listed securities.

The Exchange further believes that the proposed 5% percentage parameter for DMM-facilitated electronic Trading Halt Auctions would remove impediments to and perfect the mechanism of a free and open market and a national market

²² 15 U.S.C. 78f(b).

²³ 15 U.S.C. 78f(b)(5).

system because this percentage parameter would be aligned with the initial collars applicable to electronic reopening auctions following a MWCB Halt or trading pause on the automated primary listing exchanges that do not have trading floors.²⁴ On the Exchange, DMMs are required to facilitate manually a Trading Halt Auction following a regulatory halt issued under Section 2 of the Listed Company Manual. Accordingly, the proposed 5% percentage parameter would be applicable only to DMM-facilitated electronic Trading Halt Auctions following a trading pause or MWCB Halt. This proposed 5% percentage parameter would not require such Trading Halt Auctions to be priced within that range. Rather, if the Trading Halt Auction were to occur outside of that percentage parameter, the DMM would be required to facilitate such Trading Halt Auction manually. Regardless of whether a Trading Halt is facilitated by a DMM manually or electronically, the DMM would be required to determine the Auction Price as provided for in Rule 7.35A(g) and orders would be allocated as provided for in Rule 7.35A(h).

Proposed Changes to Applicable Price Range for Pre-Opening Indications

The Exchange believes that the proposed change to make permanent that the Applicable Price Range for determining whether to publish a pre-opening indication for a Core Open Auction would be 10% for securities with an Indication Reference Price higher than \$3.00 and \$0.30 for securities with an Indication Reference Price equal to or lower than \$3.00, which are currently in effect on a temporary basis, and to provide for an Applicable Price Range for Trading Halt Auctions of 5% for securities with an Indication Reference Price higher than \$3.00 and \$0.15 for securities with an Indication Reference Price equal to or lower than \$3.00 would remove impediments to and perfect the mechanism of a free and open market and a national market system because the Exchange believes that these updated Applicable Price Ranges would promote fair and orderly Auctions on the Exchange.

Exchange rules already provide for a correlation between the parameters for when a DMM may facilitate an Auction electronically and the Applicable Price Range for determining whether to disseminate a pre-opening indication. The Exchange believes that the proposed Applicable Price Ranges should be aligned with the Exchange's proposed parameters for when a DMM may facilitate an Auction electronically. Specifically, with this proposed change, if there is a significant enough price movement to require a DMM to effect a Core Open or Trading Halt Auction manually, the DMM would be required to publish a pre-opening indication for such Core Open or Trading Halt Auction. The Exchange notes that if a DMM chooses to facilitate a Core Open Auction or Trading Halt Auction manually (*i.e.*, if there is less than a 10% price movement for a Core Open Auction or 5% for a Trading Halt Auction), a DMM could still choose to publish a pre-opening indication in connection with such Auction, even if the Applicable

²⁴

See, e.g., NYSE Arca, Inc. Rule 7.35-E(e)(7) (specifying initial Auction Collars for Trading Halt Auctions).

Price Range has not been triggered.

The Exchange does not believe that permanently widening the Applicable Price Range for when a DMM is required to publish a pre-opening indication would reduce transparency in connection with Core Open and Trading Halt Auctions. The Exchange currently disseminates Auction Imbalance Information for Core Open Auctions and Trading Halt Auctions. Since August 2019, when the Exchange transitioned Exchange-listed securities to the Pillar trading platform, all Floor broker orders for the Core Open and Trading Halt Auctions must be entered electronically. Accordingly, all such interest is reflected in the Auction Imbalance Information, which was not the case before the Exchange transitioned to Pillar. Accordingly, the Auction Imbalance Information includes information about all buy and sell orders entered in advance of such Auctions.

Proposed Changes to Floor Broker Interest for the Closing Auction

The Exchange believes that the proposed change to make permanent that Floor Broker Interest would not be eligible to participate in the Closing Auction, which is currently in effect on a temporary basis as set forth in Commentary .03 to Rule 7.35B, would remove impediments to and perfect the mechanism of a free and open market because it would promote fair and orderly Closing Auctions on the Exchange.

The Exchange has observed that even in the absence of Floor Broker Interest, Floor broker participation in the Closing Auction has returned, and indeed increased, as compared to the level of Floor broker participation in the Closing Auction for February 2020. Moreover, even when Floor Broker Interest was available to participate in Closing Auctions, such interest represented only 0.1% of total Floor broker orders that participated in Closing Auctions. Accordingly, the Exchange does not believe that the proposed change would materially alter Floor brokers' ability to meaningfully participate in the Closing Auction. Moreover, in the absence of Floor Broker Interest, the Exchange was able to move the time for DMM-facilitated electronic Closing Auctions from 4:02 p.m. to shortly after 4:00. By making this change permanent, DMM-facilitated electronic Closing Auctions would continue to occur shortly after 4:00.

The Exchange further believes that the proposed amendments to Rules 7.32, 7.35, 46B, and 47(b) would remove impediments to and perfect the mechanism of a free and open market and a national market system because such rules would no longer be necessary in the absence of Floor Broker Interest for the Closing Auction. Accordingly, these proposed rule changes would promote transparency and clarity by removing references that would be obsolete.

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

In accordance with Section 6(b)(8) of the Act,²⁵ the Exchange believes that the proposed rule change would not 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 issues. Instead, the proposed rule changes are designed to make permanent changes that have been implemented on a temporary basis relating to the functions of Auctions on the Exchange and that have contributed to the fair and orderly Auction process during the period that they have been in effect. The proposed rule change does not have any effect on intermarket competition because these proposed changes relate to Auctions in Exchange-listed securities for which the Exchange is the primary listing exchange.

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

The Exchange has neither solicited nor received written comments on the proposed rule change.

6. Extension of Time Period for Commission Action

The Exchange does not consent at this time to an extension of any time period for Commission action.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

Not applicable.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

Not applicable.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

²⁵ 15 U.S.C. 78f(b)(8).

Exhibit 1 – Form of Notice of Proposed Rule Change for Publication in the Federal Register

Exhibit 5 – Text of the Proposed Rule Change

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34- ; File No. SR-NYSE-2020-95, Amendment No. 1)

[Date]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing of Proposed Rule Change to Make Permanent Commentaries .01(a) and (b) and .06 to Rule 7.35A and Commentaries .01 and .03 to Rule 7.35B and Make Related Changes to Rules 7.32, 7.35C, 46B, and 47.

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 April 12, 2021, New York Stock Exchange LLC (“NYSE” or the “Exchange”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II, and III 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 make permanent Commentaries .01(a) and (b) and .06 to Rule 7.35A and Commentaries .01 and .03 to Rule 7.35B and make related changes to Rules 7.32, 7.35C, 46B, and 47. This Amendment No. 1 supersedes the original filing in its entirety. 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.

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

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 make permanent Commentaries .01(a) and (b) and .06 to Rule 7.35A (DMM-Facilitated Core Open and Trading Halt Auctions) and Commentaries .01 and .03 to Rule 7.35B (DMM-Facilitated Closing Auctions) and make related changes to Rules 7.32 (Order Entry), 7.35C (Exchange-Facilitated Closing Auctions), 46B (Regulatory Trading Official), and 47 (Floor Officials - Unusual Situations).⁴

Background

In connection with the closing of the Trading Floor facilities located at 11 Wall Street in New York City as of March 23, 2020 and moving the Exchange, on a temporary basis, to fully electronic trading,⁵ and subsequent reopening of the Trading Floor on a

⁴ In this Amendment No. 1, the Exchange proposes that the percentage parameter that would be applicable to when a DMM may electronically facilitate a Trading Halt Auction or would be required to publish a pre-opening indication would be 5% instead of 10%.

⁵ Pursuant to Rule 7.1(e), the CEO notified the Board of Directors of the Exchange

are suspended and a DMM may not effect a Core Open or Trading Halt Auction electronically if the Core Open or Trading Halt Auction Price will be more than 10% away from the Consolidated Last Sale Price.

(b) The volume parameters in paragraph (c)(1)(H) of this Rule are suspended.

(c) The requirement to publish a pre-opening indication pursuant to paragraph (d) of this Rule before either a Core Open or Trading Halt Auction is suspended.

Commentary .06 to Rule 7.35A provides:

For a temporary period that begins on June 17, 2020 and ends on the earlier of a full reopening of the Trading Floor facilities to DMMs or after the Exchange closes on December 31, 2020, the Applicable Price Range specified in paragraphs (d)(3)(A) and (B) of this Rule is suspended and the Applicable Price Range will be 10% for securities with an Indication Reference Price higher than \$3.00 and \$0.30 for securities with an Indication Reference Price equal to or lower than \$3.00.

Commentary .01 to Rule 7.35B provides:

For a temporary period that begins March 23, 2020, when the Trading Floor facilities have been closed pursuant to Rule 7.1(c)(3), and ends on the earlier of a full reopening of the Trading Floor facilities to DMMs or after the Exchange closes on December 31, 2020:

(a) The percentage price parameters in paragraph (c)(1)(G) of this Rule are suspended and a DMM may not effect a Closing Auction electronically if the Closing Auction Price will be more than 10% away from the Exchange Last Sale Price.

(b) The volume parameters in paragraph (c)(1)(H) of this Rule are suspended. Finally, Commentary .03 to Rule 7.35B provides:

For a temporary period that begins on June 17, 2020 and ends on the earlier of a full reopening of the Trading Floor facilities to DMMs or after the Exchange closes on December 31, 2020, Floor Broker Interest will not be eligible to participate in the Closing Auction.

Proposed Rule Changes

Proposed Changes to Parameters for DMM-Facilitated Electronic Auctions

The Exchange proposes to make permanent the parameters for DMM-facilitated electronic auctions that are currently in effect on a temporary basis as set forth in Commentaries .01(a) and (b) to Rule 7.35A and Commentary .01 to Rule 7.35B, with one proposed change for Trading Halt Auctions.

Current Rules 7.35A(c)(1)(G) and (H) provide that a DMM may not effect a Core Open or Trading Halt Auction electronically if (i) the Auction Price will be more than 4% away from the Consolidated Last Sale Price,¹⁰ or (ii) the paired volume for the Auction will be more than 1,500 round lots for securities with an average opening volume of 1,000 round lots or fewer in the previous calendar quarter, or 5,000 round lots for securities with an average opening volume of over 1,000 round lots in the previous calendar quarter. Rule 7.35A(c)(2) further provides that if as of 9:00 a.m., the E-mini S&P 500 Futures are +/- 2% from the prior day's closing price of the E-mini S&P 500 Futures, or if the Exchange determines that it is necessary or appropriate for the

¹⁰ The term "Consolidated Last Sale Price" is defined in Rule 7.35 to mean the most recent consolidated last-sale eligible trade in a security on any market during Core Trading Hours on that trading day, and if none, the Official Closing Price from the prior trading day for that security.

maintenance of a fair and orderly market, a DMM may effect an opening or reopening electronically if the Auction Price will be up to 8% away from Consolidated Last Sale Price, without any volume limitations.

Current Rule 7.35B(c)(1)(G) and (H) provide that a DMM may not effect a Closing Auction electronically if (i) the Auction Price will be more than a designated percentage away from the Exchange Last Sale Price,¹¹ or (ii) the paired volume for the Closing Auction will be more than 1,000 round lots for such security. The designated percentages are currently as follows:

Exchange Last Sale Price	Designated Percentage
\$25.00 and below	5%
\$25.01 to \$50.00	4%
Above \$50.00	2%

The Exchange proposes to make the price percentage parameter 10% and eliminate the volume restrictions for DMM-facilitated Core Open Auctions and Closing Auctions. These parameters are currently in effect on a temporary basis pursuant to Commentaries .01(a) and (b) to Rule 7.35A and Commentary .01 to Rule 7.35B not only for Core Open Auctions and Closing Auctions, but also for Trading Halt Auctions. The Exchange believes that making these temporary Commentaries permanent would promote fair and orderly DMM-facilitated Core Open Auctions and Closing Auctions. For DMM-facilitated Trading Halt Auctions, the Exchange proposes to make the price parameter 5% (instead of 10%) and eliminate the volume restrictions.

¹¹ The term “Exchange Last Sale Price” is defined in Rule 7.35 to mean the most recent trade on the Exchange of a round lot or more in a security during Core Trading Hours on that trading day, and if none, the Official Closing Price from the prior trading day for that security.

In particular, DMMs have been operating with the temporary parameters for Core Open, Trading Halt Auctions, and Closing Auctions since March 23, 2020. Accordingly, these temporary parameters have been in effect not only during the period when the Trading Floor was closed in full, but also for the period when the Trading Floor has partially reopened to reduced staff of DMM and Floor brokers firms. In addition, these temporary parameters have been in effect during periods of both extreme volatility and high trading volumes. Accordingly, DMMs have had over six months' of experience of electronically facilitating Auctions within these temporary parameters and apply them during varying market conditions.

The Exchange has observed that during the period when these temporary parameters have been in effect, DMMs have facilitated more Core Open Auctions electronically, resulting in a higher percentage of Core Open Auctions occurring within two seconds of 9:30 a.m. Eastern Time. For example, in February 2020, which was before the Trading Floor closed, DMMs effected electronically 85.9% of all Core Open Auctions and 75.9% of Core Open Auctions in S&P 500 securities. By contrast, for the period July 2020 through October 2020, after when DMMs had returned to the Trading Floor, DMMs effected electronically 96% of all Core Open Auctions and 89.6% of Core Open Auctions in S&P 500 securities. The increased number of DMM electronically-facilitated Core Open Auctions has resulted in more Core Open Auctions occurring close to the beginning of Core Trading Hours. For example, in February 2020, 85.9% of all Core Open Auctions, and 75.9% of Core Open Auctions in S&P 500 securities, occurred within two seconds of 9:30 a.m. Eastern Time. By contrast, for the period July 2020 through October 2020, 95.9% of all Core Open Auctions, and 89.6% of Core Open

Auctions in S&P 500 securities, occurred within two seconds of 9:30 a.m. Eastern Time.

The Exchange has observed similar trends for Closing Auctions, with DMMs facilitating more Closing Auctions electronically, which means more Closing Auctions occurring closer to 4:00 p.m. Eastern Time. In February 2020, DMMs effected electronically 57% of all Closing Auctions and 5.5% of Closing Auctions in S&P 500 securities. By contrast, for the period July 2020 through October 2020, DMMs effected electronically 90.9% of all Closing Auctions, and 53.6% of Closing Auctions in S&P 500 securities. Currently, DMM electronically-facilitated Closing Auctions occur shortly after 4:00 p.m. Eastern Time.¹² Accordingly, the increased number of DMM electronically-facilitated Closing Auctions translates to an increase in the number of Closing Auctions that occur close to 4:00 p.m. Eastern Time. Because the temporary wider percentage parameters and eliminated volume parameters have resulted in more Core Open Auctions and Closing Auctions occurring at 9:30 a.m. Eastern Time or 4:00 p.m. Eastern Time, respectively, the Exchange believes that making these temporary parameters permanent would support the continued fair and orderly operation of Auctions on the Exchange.

The Exchange also notes that during the period when the temporary parameters have been in place, the Exchange has not observed greater auction price dislocation

¹² When Floor Broker Interest was eligible to participate in the Closing Auction, DMM electronically-facilitated Closing Auctions occurred at 4:02 p.m. Eastern Time. Because there has been no Floor Broker Interest for the Closing Auction during the period while the Trading Floor has been temporarily closed, the Exchange moved the time for DMM electronically-facilitated Closing Auctions to closer to 4:00 p.m. With the proposed change, described below, to permanently eliminate Floor Broker Interest for the Closing Auction, the Exchange would continue to conduct DMM electronically-facilitated Closing Auctions shortly after 4:00 p.m., rather than revert to the 4:02 p.m. time for such auctions.

compared to the period immediately preceding implementation of these temporary parameters, and has even observed modest improvement. The Exchange defines auction price dislocation as the difference between the Core Open Auction price and the consolidated volume-weighted average price (“VWAP”) over the subsequent five-minute period, or the difference between the Closing Auction price and the consolidated VWAP over the two minutes preceding the Closing Auction; the lower the difference, the lower the auction price dislocation. In February 2020, the Exchange’s average Core Open Auction dislocation was 3.27x a security’s average spread; for the period July 2020 through October 2020 the average was 3.22x a security’s average spread.¹³ Similarly, the median Core Open Auction dislocation fell from 1.84x a security’s average spread to 1.78x a security’s average spread.

The Exchange also observed similar trends in the Closing Auction price dislocation statistics. In February 2020, the Exchange’s average Closing Auction Price Dislocation was 0.82x a security’s average spread; for the period July 2020 through October 2020, the average was 0.69x a security’s average spread.¹⁴ Median Closing Auction dislocation also dropped from 0.5x to 0.43x a security’s average spread in the respective periods. Because the temporary wider percentage parameters have not resulted in greater auction price dislocation, the Exchange believes that making these parameters permanent would continue to support fair and orderly Auctions on the Exchange.

¹³ Market volatility was, on average, lower in February 2020 as compared to July 2020 - October 2020. Calculating the price dislocation metric in terms of a security’s average spread incorporates the wider spreads in the latter period and allows for a better comparison between the two periods.

¹⁴ Closing Auction price dislocation is generally lower than Core Open Auction price dislocation, due to the relatively lower levels of volatility around the Closing Auction compared to the Core Open Auction.

To effect these changes, the Exchange proposes to:

- Amend Rule 7.35A(c)(1)(G) to replace the current 4% price parameter for Core Open Auctions with a 10% price parameter and amend Rule 7.35A(c)(1)(H) to replace the current 4% price parameter for Trading Halt Auctions with a 5% price parameter. Because the proposed price parameter would be 10% for Core Open Auctions, the Exchange believes that the need for the double-wide parameters set forth in Rule 7.35A(c)(2) for Core Open Auctions would no longer be necessary and the Exchange proposes to delete that text.
- Delete the volume parameters specified in Rule 7.35A(c)(1)(H).
- Amend Rule 7.35A(j)(1)(A) to delete reference to volume parameters.
- Amend Rule 7.35B(c)(1)(G) to replace the reference to “designated percentage” parameter for the Closing Auction with a 10% price parameter. The Exchange further proposes to delete the chart specifying the designated percentages for the Closing Auction.
- Delete Rule 7.35B(c)(1)(H).
- Delete Commentaries .01(a) and (b) to Rule 7.35A.
- Delete the entirety of Commentary .01 to Rule 7.35B.

The Exchange proposes to maintain Commentary .01(c) to Rule 7.35A, which provides that for a temporary period that begins March 23, 2020, when the Trading Floor facilities have been closed pursuant to Rule 7.1(c)(3), and ends on the earlier of a full reopening of the Trading Floor facilities to DMMs or after the Exchange closes on December 31, 2020, the requirement to publish a pre-opening indication pursuant to Rule 7.35A(d) before either a Core Open Auction or Trading Halt Auction is suspended. The

Exchange proposes non-substantive amendments to delete subparagraph (c) numbering and move the text of that subparagraph into the body of Commentary .01.¹⁵

Proposed Changes to Applicable Price Range for Pre-Opening Indications

The Exchange proposes to make permanent that the Applicable Price Range for determining whether to publish a pre-opening indication for a Core Open Auction would be 10% for securities with an Indication Reference Price higher than \$3.00 and \$0.30 for securities with an Indication Reference Price equal to or lower than \$3.00, which is currently in effect on a temporary basis, as set forth in Commentary .06 to Rule 7.35A. The Exchange further proposes that the Applicable Price Range for determining whether to publish a pre-opening indication for a Trading Halt Auction would be 5% for securities with an Indication Reference Price over \$3.00 and \$0.15 for securities with an Indication Reference Price equal to or lower than \$3.00.

Rule 7.35A(d)(1)(A) currently provides that a DMM will publish a pre-opening indication before a security opens or reopens if the Core Open or Trading Halt Auction is anticipated to be a change of more than the “Applicable Price Range,” as specified in Rule 7.35A(d)(3), from a specified “Indication Reference Price,” as specified in Rule 7.35A(d)(2).

Rule 7.35A(d)(3)(A) provides that the Applicable Price Range will be 5% for securities with an Indication Reference Price over \$3.00 and \$0.15 for securities with an Indication Reference Price equal to or lower than \$3.00. Rule 7.35A(d)(3)(B) further provides that,

¹⁵ The Exchange notes that even though the requirement for pre-opening indications has been suspended, since June 17, 2020, when DMMs returned staff to the Trading Floor, DMMs have published pre-opening indications for IPO Auctions and the two Direct Listing Auctions on September 30, 2020.

If as of 9:00 a.m., the E-mini S&P 500 Futures are +/- 2% from the prior day's closing price of the E-mini S&P 500 Futures, when reopening trading following a market-wide trading halt under Rule 7.12, or if the Exchange determines that it is necessary or appropriate for the maintenance of a fair and order market, the Applicable Price Range for determining whether to publish a pre-opening indication will be 10% for securities with an Indication Reference Price over \$3.00 and \$0.30 for securities with an Indication Reference Price equal to or lower than \$3.00.

Current Rule 7.35A(1)(A) further provides that a DMM may not effect a Core Open or Trading Halt Auction electronically if a pre-opening indication has been published for the Core Open Auction. Accordingly, Exchange Rules already provide for a correlation between pre-opening indications and whether a DMM may effect a Core Open or Trading Halt Auction electronically. Currently, that is achieved through similar, though not identical, percentage parameters: the price parameter for DMM-facilitated electronic Core Open and Trading Halt Auctions is 4% and the Applicable Price Range for pre-opening indications is 5%. When there is market-wide volatility, both are doubled.

The Exchange believes that because of this existing correlation, in connection with permanently widening the price parameters for DMM-facilitated electronic Core Open Auctions to 10%, the Applicable Price Range for determining whether to publish a pre-opening indication should similarly not only be widened, but also be aligned to 10%. Similarly, because the price parameters for DMM-facilitated electronic Trading Halt Auctions would be 5%, the Applicable Price Range for determining whether to publish a

pre-opening indication should be aligned to be 5%. With these proposed changes, if there is a significant enough price movement to require a DMM to effect a Core Open or Trading Halt Auction manually, the DMM would be required to publish a pre-opening indication for such Core Open or Trading Halt Auction. The Exchange notes that if a DMM chooses to facilitate a Core Open Auction or Trading Halt Auction manually (*i.e.*, if there is less than a 10% price movement for a Core Open Auction or 5% price movement for a Trading Halt Auction), a DMM could still choose to publish a pre-opening indication in connection with such Auction, even if the Applicable Price Range has not been triggered. For example, DMMs generally publish pre-opening indications for IPO Auctions and Direct Listing Auctions regardless of whether the Applicable Price Range has been triggered.

The Exchange does not believe that permanently widening the Applicable Price Range for when a DMM is required to publish a pre-opening indication would reduce transparency in connection with Core Open and Trading Halt Auctions. The Exchange currently disseminates Auction Imbalance Information for all Core Open Auctions and Trading Halt Auctions.¹⁶ Since August 2019, when the Exchange transitioned Exchange-listed securities to the Pillar trading platform, all Floor broker orders for the Core Open and Trading Halt Auctions must be entered electronically. Accordingly, all such interest is reflected in the Auction Imbalance Information, which was not the case before the

¹⁶ Pursuant to Commentaries .01 and .02 to Rule 7.35, for the temporary period that ends on the earlier of a full reopening of the Trading Floor facilities to DMMs or after the Exchange closes on December 31, 2020, the Exchange includes IPOs and Direct Listings in the Auction Imbalance Information. The Exchange has filed a separate proposed rule change to include IPOs and Direct Listings in the Auction Imbalance Information on a permanent basis. See Securities Exchange Act Release No. 90387 (November 10, 2020) (SR-NYSE-2020-93) (Notice of Filing).

Exchange transitioned to Pillar. Accordingly, the Auction Imbalance Information includes information about all buy and sell orders entered in advance of such Auctions.¹⁷

To effect this change, the Exchange proposes to combine and amend current Rule 7.35A(d)(3)(A) and (B) to make it a single subparagraph (A) that would provide that the Applicable Price Range for determining whether to publish a pre-opening indication would be 10% for securities with an Indication Reference Price over \$3.00 and \$0.30 for securities with an Indication Reference Price equal to or lower than \$3.00. The Exchange proposes to delete the introductory text to Rule 7.35A(d)(3)(B) regarding circumstances when the Exchange could widen the Applicable Price Range under the current Rule. The Exchange further proposes new text for Rule 7.35A(d)(3)(B) that would provide that the Applicable Price Range for determining whether to publish a pre-opening indication for a Trading Halt Auction would be 5% for securities with an Indication Reference Price over \$3.00 and \$0.15 for securities with an Indication Reference Price equal to or lower than \$3.00. The Exchange further proposes to delete Commentary .06 to Rule 7.35A.

Proposed Changes to Floor Broker Interest for the Closing Auction

The Exchange proposes to make permanent that Floor Broker Interest would not be eligible to participate in the Closing Auction, as set forth in Commentary .03 to Rule

¹⁷ Rule 7.35(a)(4) provides that DMM Auction Liquidity is never included in Auction Imbalance Information. By its terms, DMM Auction Liquidity, as defined in Rule 7.35(d)(8)(A), is entered by the DMM either manually or electronically as part of the DMM unit's electronic message to conduct an Auction. For an Auction effected electronically by the DMM, DMM Auction Liquidity is entered simultaneously with the DMM facilitating the Auction, which is why it is not included in the Auction Imbalance Information leading up to such Auction. For an Auction effected manually by the DMM, the DMM can factor such interest into the pre-opening indication price range. DMM Orders, as defined in Rule 7.35(d)(8)(B), that may be entered by the DMM in advance of such Auctions would be included in the Auction Imbalance Information.

7.35B. The term “Floor Broker Interest” is defined in Rule 7.35(a)(9) to mean orders represented orally by a Floor broker at the point of sale.

Rule 7.35B(a)(1) currently provides that Floor Broker Interest is eligible to participate in the Closing Auction provided that the Floor broker has electronically entered such interest before the Auction Processing Period for the Closing Auction begins. The Rule further provides that for such interest to be eligible to participate in the Closing Auction, a Floor broker must first, by the end of, but not after, Core Trading Hours, orally represent Floor Broker Interest at the point of sale, including symbol, side, size, and limit price, and then second, electronically enter such interest after the end of Core Trading Hours. Current Rules 7.35B(a)(1)(B) and (C) set forth additional requirements relating to electronic acceptance of such interest by the DMM and circumstances when such interest can be cancelled.

On June 17, 2020, when the Exchange reopened the Trading Floor to limited numbers of DMMs, the Exchange added Commentary .03 to Rule 7.35B. Accordingly, from June 17, 2020 to the present, even though reduced numbers of DMMs and Floor brokers are present on the Trading Floor, Floor Broker Interest has not been eligible to participate in the Closing Auction.

During this period, the Exchange has observed that even in the absence of Floor Broker Interest, Floor broker participation in Closing Auctions has returned to similar levels of Floor broker participation in the Closing Auction for the period before March 23, 2020. For example, in February 2020, 34.5% of Auction-Only Orders for the Closing Auction were entered as Closing D Orders, which are available only to Floor brokers.¹⁸

¹⁸ For Exchange-listed securities, Auction-Only Orders are defined in Rule 7.31 to

In October 2020, 38.8% of the Auction-Only Orders for the Closing Auction were Closing D Orders, which demonstrates that Floor broker participation in the Closing Auction has not only returned since the Trading Floor reopened, but has actually increased as compared to February 2020. Moreover, in February 2020, only 0.1% of total Floor broker orders for the Closing Auction was represented as Floor Broker Interest, and that Floor Broker Interest represented less than 0.01% of the total interest that participated in the Closing Auction. Based on both the relatively small levels of Floor Broker Interest that was participating in the Closing Auction before the Trading Floor closed and the ongoing availability of Closing D Orders for Floor brokers, the Exchange does not believe that eliminating Floor Broker Interest for the Closing Auction would materially impact the ability of Floor brokers to represent customer orders for the Closing Auction.

Based on this experience, the Exchange proposes to make permanent Commentary .03 to Rule 7.35B. To effect this change, the Exchange proposes to amend Rule 7.35B(a)(1) to provide that Floor Broker Interest would not be eligible to participate in the Closing Auction. To provide clarity that a Floor broker would not be permitted to represent verbal interest intended for the Closing Auction, the Exchange further proposes to provide that Floor brokers must enter any orders for the Closing Auction, as defined in Rule 7.31, electronically during Core Trading Hours. The Exchange believes that the cross-reference to Rule 7.31 in the Rule would provide notice to Floor brokers and their

mean a Limit or Market Order that is to be traded only in an auction pursuant to the Rule 7.35 Series. The Exchange accepts the following Auction-Only Orders for the Closing Auction: Limit-on-Close Order (“LOC Order”), Market-on-Close Order (“MOC Order”), Closing D Order, and Closing Imbalance Offset Orders. All four types of Auction-Only Orders are available to Floor brokers.

customers of which order types are available for electronic entry by Floor brokers for the Closing Auction, which include both Auction-Only Orders described in Rule 7.31(c) and other orders that may be resting on the Exchange Book that are eligible to participate in the Closing Auction. The Exchange also proposes to delete Commentary .03 to Rule 7.35B.

The Exchange proposes to make related changes by deleting the clause “and Floor Broker Interest intended for the Closing Auction as defined in Rule 7.35B(a)(1)” from Rule 7.32. Similarly, the Exchange proposes to delete the text set forth in Rule 7.35C(a)(2) relating to Floor Broker Interest that provides that “Floor Broker Interest that has been electronically accepted by the DMM and that has not been cancelled as provided for in Rule 7.35B(a)(1)(C) will be eligible to participate in an Exchange-facilitated Closing Auction.” The Exchange proposes to designate that sub-paragraph as “Reserved.”¹⁹

In addition, the Exchange proposes to delete Rule 46B and amend Rule 47(b). Under Rule 47, Floor Officials have the authority to “supervise and regulate active openings and unusual situations that may arise in connection with the making of bids, offers or transactions on the Floor.” The Exchange recently amended its rules to add Regulatory Trading Officials (“RTO”), which are defined in Rule 46B.²⁰ As described in the RTO Approval Order, unusual situations that may arise in connection with Floor Broker Interest for the Closing Auction could be “if the Floor broker hand-held device malfunctions or ceases to work or if a Floor broker is physically impeded, as a result of a

¹⁹ The Exchange has a pending proposed rule change to amend Rule 7.35C(a). See (SR-NYSE-2020-89).

²⁰ See Securities Exchange Act Release No. 88765 (April 29, 2020), 85 FR 26771 (May 5, 2020) (SR-NYSE-2020-03) (“RTO Approval Order”).

crowd condition beyond that of normal traffic flow on the Exchange's trading Floor or some other circumstance beyond the Floor broker's control, in his or her ability to be present at a post before the DMM closes the security."²¹ The Exchange amended Rule 47 to add subparagraph (b), which provides that RTOs, instead of Floor Officials, would be responsible for supervising and regulating situations regarding whether a verbal bid or verbal offer is eligible for inclusion in the Closing Auction by the DMM.

Because the Exchange proposes to eliminate verbal bids or verbal offers for the Closing Auction, the Exchange proposes to delete the last clause of Rule 47(a) and subparagraph (b) to Rule 47.²² As proposed, Rule 47 would revert to the rule text in effect prior to the RTO Approval Order and would provide that "Floor Officials shall have power to supervise and regulate active openings and unusual situations that may arise in connection with the making of bids, offers or transactions on the Floor." With this proposed change, RTOs would no longer have a role under Exchange rules. Therefore, the Exchange proposes to delete Rule 46B.

The Exchange also proposes to delete Commentary .02 to Rule 7.35B. This Commentary is obsolete because it has not been in effect since May 22, 2020.

2. Statutory Basis

The Exchange believes that the proposal is consistent with Section 6(b) of the Act,²³ in general, and furthers the objectives of Sections 6(b)(5) of the Act,²⁴ in particular,

²¹ Id. at 26772.

²² RTOs were approved when the Trading Floor was temporarily closed. Id. Because Commentary .03 to Rule 7.35B was implemented when DMMs returned to the Trading Floor, there has not been any Floor Broker Interest for Closing Auctions since RTOs were created and therefore RTOs have not had to perform the functions as described in Rule 46(b).

²³ 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 regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to, and perfect the mechanisms of, a free and open market and a national market system and, in general, to protect investors and the public interest and because it is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

Proposed Changes to Parameters for DMM-Facilitated Electronic Auctions

The Exchange believes that the proposed change to make permanent the parameters for DMM-facilitated electronic Core Open Auctions and Trading Halt Auctions that are currently in effect on a temporary basis as set forth in Commentaries .01(a) and (b) to Rule 7.35A and Commentary .01 to Rule 7.35B would remove impediments to and perfect the mechanism of a free and open market and a national market system because the Exchange believes that these updated parameters would promote fair and orderly Auctions on the Exchange. These temporary parameters have been in effect not only during the period when the Trading Floor was closed in full, but also for the period when the Trading Floor has partially reopened to reduced staff of DMM and Floor brokers firms. In addition, these temporary parameters have been in effect during periods of both extreme volatility and high trading volumes. Accordingly, DMMs have had over six months' of experience of electronically facilitating Auctions within these temporary parameters and applying them during varying market conditions.

During this period, the Exchange has observed that with these temporary

²⁴ 15 U.S.C. 78f(b)(5).

parameters, a higher number of Core Open Auctions and Closing Auctions have been electronically facilitated by the DMM, which has resulted in a greater number of Core Open Auctions and Closing Auctions occurring shortly after 9:30 a.m. or 4:00 p.m., respectively. The Exchange has further observed that there have been modest improvements in auction price dislocation during the period when these temporary parameters have been in place. Accordingly, the Exchange believes that making these parameters permanent would promote the continued fair and orderly operation of Auctions for Exchange-listed securities.

The Exchange further believes that the proposed 5% percentage parameter for DMM-facilitated electronic Trading Halt Auctions would remove impediments to and perfect the mechanism of a free and open market and a national market system because this percentage parameter would be aligned with the initial collars applicable to electronic reopening auctions following a MWCB Halt or trading pause on the automated primary listing exchanges that do not have trading floors.²⁵ On the Exchange, DMMs are required to facilitate manually a Trading Halt Auction following a regulatory halt issued under Section 2 of the Listed Company Manual. Accordingly, the proposed 5% percentage parameter would be applicable only to DMM-facilitated electronic Trading Halt Auctions following a trading pause or MWCB Halt. This proposed 5% percentage parameter would not require such Trading Halt Auctions to be priced within that range. Rather, if the Trading Halt Auction were to occur outside of that percentage parameter, the DMM would be required to facilitate such Trading Halt Auction manually. Regardless of whether a Trading Halt is facilitated by a DMM manually or electronically, the DMM

²⁵ See, e.g., NYSE Arca, Inc. Rule 7.35-E(e)(7) (specifying initial Auction Collars for Trading Halt Auctions).

would be required to determine the Auction Price as provided for in Rule 7.35A(g) and orders would be allocated as provided for in Rule 7.35A(h).

Proposed Changes to Applicable Price Range for Pre-Opening Indications

The Exchange believes that the proposed change to make permanent that the Applicable Price Range for determining whether to publish a pre-opening indication for a Core Open Auction would be 10% for securities with an Indication Reference Price higher than \$3.00 and \$0.30 for securities with an Indication Reference Price equal to or lower than \$3.00, which are currently in effect on a temporary basis, and to provide for an Applicable Price Range for Trading Halt Auctions of 5% for securities with an Indication Reference Price higher than \$3.00 and \$0.15 for securities with an Indication Reference Price equal to or lower than \$3.00 would remove impediments to and perfect the mechanism of a free and open market and a national market system because the Exchange believes that these updated Applicable Price Ranges would promote fair and orderly Auctions on the Exchange.

Exchange rules already provide for a correlation between the parameters for when a DMM may facilitate an Auction electronically and the Applicable Price Range for determining whether to disseminate a pre-opening indication. The Exchange believes that the proposed Applicable Price Ranges should be aligned with the Exchange's proposed parameters for when a DMM may facilitate an Auction electronically. Specifically, with this proposed change, if there is a significant enough price movement to require a DMM to effect a Core Open or Trading Halt Auction manually, the DMM would be required to publish a pre-opening indication for such Core Open or Trading Halt Auction. The Exchange notes that if a DMM chooses to facilitate a Core Open

Auction or Trading Halt Auction manually (i.e., if there is less than a 10% price movement for a Core Open Auction or 5% for a Trading Halt Auction), a DMM could still choose to publish a pre-opening indication in connection with such Auction, even if the Applicable Price Range has not been triggered.

The Exchange does not believe that permanently widening the Applicable Price Range for when a DMM is required to publish a pre-opening indication would reduce transparency in connection with Core Open and Trading Halt Auctions. The Exchange currently disseminates Auction Imbalance Information for Core Open Auctions and Trading Halt Auctions. Since August 2019, when the Exchange transitioned Exchange-listed securities to the Pillar trading platform, all Floor broker orders for the Core Open and Trading Halt Auctions must be entered electronically. Accordingly, all such interest is reflected in the Auction Imbalance Information, which was not the case before the Exchange transitioned to Pillar. Accordingly, the Auction Imbalance Information includes information about all buy and sell orders entered in advance of such Auctions.

Proposed Changes to Floor Broker Interest for the Closing Auction

The Exchange believes that the proposed change to make permanent that Floor Broker Interest would not be eligible to participate in the Closing Auction, which is currently in effect on a temporary basis as set forth in Commentary .03 to Rule 7.35B, would remove impediments to and perfect the mechanism of a free and open market because it would promote fair and orderly Closing Auctions on the Exchange.

The Exchange has observed that even in the absence of Floor Broker Interest, Floor broker participation in the Closing Auction has returned, and indeed increased, as compared to the level of Floor broker participation in the Closing Auction for February

2020. Moreover, even when Floor Broker Interest was available to participate in Closing Auctions, such interest represented only 0.1% of total Floor broker orders that participated in Closing Auctions. Accordingly, the Exchange does not believe that the proposed change would materially alter Floor brokers' ability to meaningfully participate in the Closing Auction. Moreover, in the absence of Floor Broker Interest, the Exchange was able to move the time for DMM-facilitated electronic Closing Auctions from 4:02 p.m. to shortly after 4:00. By making this change permanent, DMM-facilitated electronic Closing Auctions would continue to occur shortly after 4:00.

The Exchange further believes that the proposed amendments to Rules 7.32, 7.35, 46B, and 47(b) would remove impediments to and perfect the mechanism of a free and open market and a national market system because such rules would no longer be necessary in the absence of Floor Broker Interest for the Closing Auction. Accordingly, these proposed rule changes would promote transparency and clarity by removing references that would be obsolete.

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

In accordance with Section 6(b)(8) of the Act,²⁶ the Exchange believes that the proposed rule change would not 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 issues. Instead, the proposed rule changes are designed to make permanent changes that have been implemented on a temporary basis relating to the functions of Auctions on the Exchange and that have contributed to the fair and orderly Auction process during the period that they have been in effect. The

²⁶ 15 U.S.C. 78f(b)(8).

proposed rule change does not have any effect on intermarket competition because these proposed changes relate to Auctions in Exchange-listed securities for which the Exchange is the primary listing exchange.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the Federal Register or up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) by order approve or disapprove the proposed rule change, or
- (B) institute proceedings to determine whether the proposed rule change should be 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-

NYSE-2020-95 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-NYSE-2020-95. 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. 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-NYSE-2020-95 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.²⁷

Eduardo A. Aleman
Deputy Secretary

²⁷ 17 CFR 200.30-3(a)(12).

Additions: Underlined

Deletions: [Bracketed]

Amendment No. 1 added text: ***bold italics double-underlined***

Amendment No. 1 deleted text: ~~Strikethrough~~

Rules of New York Stock Exchange LLC

Pillar Platform Rules (Rules 1P - 13P)

Rule 7P EQUITIES TRADING

Section 3. Exchange Trading

Rule 7.35A. DMM-Facilitated Core Open and Trading Halt Auctions

(c) *DMM Opening Process.* The DMM may effectuate a Core Open or Trading Halt Auction manually or electronically (see Rule 104(b)(ii)).

- (1) Except under the conditions set forth in paragraphs (c)(2) and (3) of this Rule, a DMM may not effect a Core Open or Trading Halt Auction electronically if:

(G) the Core Open ~~or Trading Halt Auction~~ Price will be more than 410% away from the Consolidated Last Sale Price ~~;~~ ~~or~~

(H) the Trading Halt Auction Price will be more than 5% away from the Consolidated Last Sale Price the paired volume for the Core Open or Trading Halt Auction will be more than:

- (i) 1,500 round lots for securities with an average opening volume of 1,000 round lots or fewer in the previous calendar quarter; or
- (ii) 5,000 round lots for securities with an average opening volume of over 1,000 round lots in the previous calendar quarter].

- (2) [If as of 9:00 a.m., the E-mini S&P 500 Futures are +/- 2% from the prior day's

closing price of the E-mini S&P 500 Futures, or if the Exchange determines that it is necessary or appropriate for the maintenance of a fair and orderly market, a DMM may effect an opening or reopening electronically if the Auction Price will be up to 8% away from Consolidated Last Sale Price, without any volume limitations.

(3) When reopening a security following a trading pause under Rule 7.11 or a market-wide halt under Rule 7.12, if a pre-opening indication has been published in a security under paragraph (b) of this Rule, a DMM may not reopen such security electronically if the reopening transaction will be at a price outside of the last-published pre-opening indication.

(d) *Pre-Opening Indications.* A pre-opening indication will include the security and the price range within which the Auction Price is anticipated to occur. A pre-opening indication will be published via the securities information processor and proprietary data feeds.

(3) *Applicable Price Range:*

(A) [Except under the conditions set forth in paragraph (d)(3)(B) of this Rule, t]The Applicable Price Range for determining whether to publish a pre-opening indication for a Core Open Auction will be [5% for securities with an Indication Reference Price over \$3.00 and \$0.15 for securities with an Indication Reference Price equal to or lower than \$3.00.

(B) If as of 9:00 a.m., the E-mini S&P 500 Futures are +/- 2% from the prior day's closing price of the E-mini S&P 500 Futures, when reopening trading following a market-wide trading halt under Rule 7.12, or if the Exchange determines that it is necessary or appropriate for the maintenance of a fair and order market, the Applicable Price Range for determining whether to publish a pre-opening indication will be] 10% for securities with an Indication Reference Price over \$3.00 and \$0.30 for securities with an Indication Reference Price equal to or lower than \$3.00.

(B) The Applicable Price Range for determining whether to publish a pre-opening indication for a Trading Halt Auction will be 5% for securities with an Indication Reference Price over \$3.00 and \$0.15 for securities with an Indication Reference Price equal to or lower than \$3.00.

(j) *Temporary Rule Suspensions.*

(1) If the CEO of the Exchange, or his or her designee, determines that a Floor-wide event is likely to have an impact on the ability of DMMs to arrange for a fair and

orderly Core Open or Trading Halt Auction and that, absent relief, the operation of the Exchange is likely to be impaired, the CEO of the Exchange, or his or her designees, may temporarily suspend:

- (A) the prohibition on a DMM opening a security electronically if the Core Open or Trading Halt Auction Price will be more than the price [or volume] parameter[s] specified in paragraph (c)(1)(G) and (H) of this Rule; or

Rule 7.35C. Exchange-Facilitated Auctions

(a) If a DMM cannot facilitate an Auction for one or more securities in which the DMM is registered under Rules 7.35A or 7.35B, the Exchange will conduct the Auction for such security or securities electronically as provided for in this Rule.

(2) Reserved[Floor Broker Interest that has been electronically accepted by the DMM and that has not been cancelled as provided for in Rule 7.35B(a)(1)(C) will be eligible to participate in an Exchange-facilitated Closing Auction.]

(3) A security subject to an Exchange-facilitated Core Open Auction, IPO Auction, ~~Direct Listing Auction~~, or Trading Halt Auction may open or reopen with a trade or a quote.

Additions: Underlined
 Deletions: [Bracketed]

Rules of New York Stock Exchange LLC

Pillar Platform Rules (Rules 1P - 13P)

Rule 7P EQUITIES TRADING

Section 3. Exchange Trading

Rule 7.32. Order Entry

Orders entered that are greater than five million shares in size will be rejected, provided that, in Auction-Eligible Securities, the Exchange will accept orders defined in Rule 7.31(c)[,] and DMM Auction Liquidity as defined in Rule 7.35[, and Floor Broker Interest intended for the Closing Auction as defined in Rule 7.35B(a)(1),] up to 25 million shares in size. In addition, in all securities traded on the Exchange, the Exchange will accept proposed cross transactions under Rule 76 up to 25 million shares in size. Floor broker systems will accept a maximum order size up to 99 million shares. Upon at least 24 hours advance notice to market participants, the Exchange may decrease the maximum order size on a security-by-security basis.

Rule 7.35A. DMM-Facilitated Core Open and Trading Halt Auctions

(c) *DMM Opening Process.* The DMM may effectuate a Core Open or Trading Halt Auction manually or electronically (see Rule 104(b)(ii)).

- (1) Except under the conditions set forth in paragraphs (c)(2) and (3) of this Rule, a DMM may not effect a Core Open or Trading Halt Auction electronically if:

- (G) the Core Open [or Trading Halt Auction] Price will be more than [4]10% away from the Consolidated Last Sale Price; or

(H) the Trading Halt Auction Price will be more than 5% away from the Consolidated Last Sale Price[the paired volume for the Core Open or Trading Halt Auction will be more than:

- (i) 1,500 round lots for securities with an average opening volume of 1,000 round lots or fewer in the previous calendar quarter; or
- (ii) 5,000 round lots for securities with an average opening volume of over 1,000 round lots in the previous calendar quarter].

(2) [If as of 9:00 a.m., the E-mini S&P 500 Futures are +/- 2% from the prior day's closing price of the E-mini S&P 500 Futures, or if the Exchange determines that it is necessary or appropriate for the maintenance of a fair and orderly market, a DMM may effect an opening or reopening electronically if the Auction Price will be up to 8% away from Consolidated Last Sale Price, without any volume limitations.

(3)] When reopening a security following a trading pause under Rule 7.11 or a market-wide halt under Rule 7.12, if a pre-opening indication has been published in a security under paragraph (b) of this Rule, a DMM may not reopen such security electronically if the reopening transaction will be at a price outside of the last-published pre-opening indication.

(d) *Pre-Opening Indications.* A pre-opening indication will include the security and the price range within which the Auction Price is anticipated to occur. A pre-opening indication will be published via the securities information processor and proprietary data feeds.

(3) *Applicable Price Range:*

(A) [Except under the conditions set forth in paragraph (d)(3)(B) of this Rule, t]The Applicable Price Range for determining whether to publish a pre-opening indication for a Core Open Auction will be [5% for securities with an Indication Reference Price over \$3.00 and \$0.15 for securities with an Indication Reference Price equal to or lower than \$3.00.

(B) If as of 9:00 a.m., the E-mini S&P 500 Futures are +/- 2% from the prior day's closing price of the E-mini S&P 500 Futures, when reopening trading following a market-wide trading halt under Rule 7.12, or if the Exchange determines that it is necessary or appropriate for the maintenance of a fair and order market, the Applicable Price Range for determining whether to publish a pre-opening indication will be] 10% for securities with an Indication Reference Price over \$3.00 and \$0.30 for securities with an Indication Reference Price equal to or lower than \$3.00.

(B) The Applicable Price Range for determining whether to publish a pre-opening indication for a Trading Halt Auction will be 5% for securities with an Indication Reference Price over \$3.00 and \$0.15 for securities with an Indication Reference Price equal to or lower than \$3.00.

(j) *Temporary Rule Suspensions.*

(1) If the CEO of the Exchange, or his or her designee, determines that a Floor-wide event is likely to have an impact on the ability of DMMs to arrange for a fair and orderly Core Open or Trading Halt Auction and that, absent relief, the operation of the Exchange is likely to be impaired, the CEO of the Exchange, or his or her designees, may temporarily suspend:

(A) the prohibition on a DMM opening a security electronically if the Core Open or Trading Halt Auction Price will be more than the price [or volume] parameters specified in paragraphs (c)(1)(G) and (H) of this Rule; or

Commentary:

.01 For a temporary period that begins March 23, 2020, when the Trading Floor facilities have been closed pursuant to Rule 7.1(c)(3), and ends on the earlier of a full reopening of the Trading Floor facilities to DMMs or after the Exchange closes on December 31, 2020, [:

(a) The percentage price parameters in paragraph (c)(1)(G) and (c)(2) of this Rule are suspended and a DMM may not effect a Core Open or Trading Halt Auction electronically if the Core Open or Trading Halt Auction Price will be more than 10% away from the Consolidated Last Sale Price.

(b) The volume parameters in paragraph (c)(1)(H) of this Rule are suspended.

(c) T]the requirement to publish a pre-opening indication pursuant to paragraph (d) of this Rule before either a Core Open or Trading Halt Auction is suspended.

.02 For a temporary period that begins on March 26, 2020 and ends on the earlier of a full reopening of the Trading Floor facilities to DMMs or after the Exchange closes on December 31, 2020, the Exchange will permit a DMM limited entry to the Trading Floor to effect an IPO Auction manually.

.03 For a temporary period that begins on April 2, 2020 and ends on the earlier of a full reopening of the Trading Floor facilities to DMMs or after the Exchange closes on December 31, 2020, the Exchange will permit a DMM limited entry to the Trading

Floor to effect manually a Core Open Auction in connection with a listed company's post-IPO public offering.

.04 For a temporary period that begins on April 17, 2020 and ends on the earlier of a full reopening of the Trading Floor facilities to DMMs or after the Exchange closes on December 31, 2020, the Exchange will provide a DMM remote access to Floor-based systems for the sole purpose of effecting a manual (1) IPO Auction, or (2) Core Open Auction in connection with a listed company's post-IPO public offering.

.05 For a temporary period that begins on May 26, 2020 and ends on the earlier of a full reopening of the Trading Floor facilities to DMMs or after the Exchange closes on December 31, 2020, the Exchange will (1) permit a DMM limited entry to the Trading Floor or (2) provide a DMM remote access to Floor-based systems, for the purpose of effecting a manual Trading Halt Auction for reopening a security following a regulatory halt issued under Section 2 of the Listed Company Manual.

[.06 For a temporary period that begins on June 17, 2020 and ends on the earlier of a full reopening of the Trading Floor facilities to DMMs or after the Exchange closes on December 31, 2020, the Applicable Price Range specified in paragraphs (d)(3)(A) and (B) of this Rule is suspended and the Applicable Price Range will be 10% for securities with an Indication Reference Price higher than \$3.00 and \$0.30 for securities with an Indication Reference Price equal to or lower than \$3.00.]

Rule 7.35B. DMM-Facilitated Closing Auctions

(a) *DMM and Floor Broker Responsibilities.* It is the responsibility of each DMM to ensure that registered securities close as soon after the end of Core Trading Hours as possible, while at the same time not unduly hasty, particularly when at a price disparity from the Exchange Last Sale Price.

(1) *Floor Broker Interest:* Floor Broker Interest is not eligible to participate in the Closing Auction. Floor brokers must enter any orders for the Closing Auction, as defined in Rule 7.31, electronically during Core Trading Hours[provided that the Floor broker has electronically entered such interest before the Auction Processing Period for the Closing Auction begins.

(A) For such interest to be eligible to participate in the Closing Auction, a Floor broker must:

(i) first, by the end of, but not after, Core Trading Hours, orally represent Floor Broker Interest at the point of sale, including symbol, side, size, and limit price.

(ii) then, electronically enter such interest after the end of Core Trading Hours. The electronic entry of Floor Broker Interest will not be subject to Limit Order Price Protection.

(B) Before Floor Broker Interest is ranked for the Closing Auction, it must be electronically accepted by the DMM. Once accepted, Floor Broker Interest will be processed as an order ranked Priority 2 - Display Orders from a Floor Broker Participant for purposes of inclusion in Closing Auction Imbalance Information and ranking and allocation in the Closing Auction.

(C) After the end of Core Trading Hours, electronically-entered Floor Broker Interest cannot be reduced in size or replaced, provided that, subject to Floor Official approval, a DMM can accept a full cancellation of electronically-entered Floor Broker Interest to correct a Legitimate Error].

(c) *DMM Closing Process.* The DMM may effectuate a Closing Auction manually or electronically (see Rule 104(b)(ii)).

(1) A DMM may not effect a Closing Auction electronically if:

(G) the Closing Auction Price will be more than [a designated percentage]10% away from the Exchange Last Sale Price, [as follows:

Exchange Last Sale Price	Designated Percentage
\$25.00 and below	5%
\$25.01 to \$50.00	4%
Above \$50.00	2%

(H) the paired volume for the Closing Auction will be more than 1,000 round lots for such security.]

(j) *Temporary Rule Suspensions.*

(1) Temporary Suspension of DMM Automated Closing Limitations.

(A) If the CEO of the Exchange, or his or her designee, determines that a Floor-wide event is likely to have an impact on the ability of DMMs to arrange for a fair and

orderly Closing Auction and that, absent relief, the operation of the Exchange is likely to be impaired, the CEO of the Exchange may temporarily suspend the prohibition on a DMM closing a security electronically if the Closing Auction Price will be more than the price [or volume] parameter[s] specified in paragraph (c)(1)(G) [and (H)] of this Rule.

(B) In determining whether to temporarily suspend [the] paragraph[s] (c)(1)(G) [(H)] of this Rule, the CEO of the Exchange will:

[Commentary:

.01 For a temporary period that begins March 23, 2020, when the Trading Floor facilities have been closed pursuant to Rule 7.1(c)(3), and ends on the earlier of a full reopening of the Trading Floor facilities to DMMs or after the Exchange closes on December 31, 2020:

(a) The percentage price parameters in paragraph (c)(1)(G) of this Rule are suspended and a DMM may not effect a Closing Auction electronically if the Closing Auction Price will be more than 10% away from the Exchange Last Sale Price.

(b) The volume parameters in paragraph (c)(1)(H) of this Rule are suspended.

.02 For a temporary period that begins on May 6, 2020 and ends on the earlier of the reopening of the Trading Floor facilities or after the Exchange closes on May 22, 2020, beginning one hour before the end of Core Trading Hours up to the Closing Auction Imbalance Freeze Time, the Exchange will make available Total Imbalance, Side of Total Imbalance, Paired Quantity, Continuous Book Clearing Price, and Closing Interest Only Clearing Price to member organizations. This Auction Imbalance Information will be provided in a manner that does not permit electronic real-time distribution and will be updated every 30 seconds.

.03 For a temporary period that begins on June 17, 2020 and ends on the earlier of a full reopening of the Trading Floor facilities to DMMs or after the Exchange closes on December 31, 2020, Floor Broker Interest will not be eligible to participate in the Closing Auction.]

Rule 7.35C. Exchange-Facilitated Auctions

(a) If a DMM cannot facilitate an Auction for one or more securities in which the DMM is registered under Rules 7.35A or 7.35B, the Exchange will conduct the Auction for such security or securities electronically as provided for in this Rule.

- (2) Reserved[Floor Broker Interest that has been electronically accepted by the DMM and that has not been cancelled as provided for in Rule 7.35B(a)(1)(C) will be eligible to participate in an Exchange-facilitated Closing Auction.]
- (3) A security subject to an Exchange-facilitated Core Open Auction, IPO Auction, or Trading Halt Auction may open or reopen with a trade or a quote.

[Rule 46B. Regulatory Trading Official

A Regulatory Trading Official will be an Exchange employee or officer designated by the Chief Regulatory Officer or its designee to perform those functions specified in Exchange rules.]

Rule 47. Floor Officials—Unusual Situations

[(a)] Floor Officials shall have power to supervise and regulate active openings and unusual situations that may arise in connection with the making of bids, offers or transactions on the Floor[, other than with regard to whether a verbal bid or verbal offer is eligible for inclusion in the Closing Auction by the DMM, which is governed by subsection (b) of this Rule].

[(b)] Situations regarding whether a verbal bid or verbal offer is eligible for inclusion in the Closing Auction by the DMM shall be supervised and regulated as follows. A Floor broker with the interest to be included in the Closing Auction or the DMM responsible for the Closing Auction may consult a Regulatory Trading Official regarding whether a bid or offer is eligible for inclusion in the Closing Auction by the DMM. If such a request has been made, the DMM will not facilitate the Closing Auction until a Regulatory Trading Official has completed his or her review. The final determination to include or exclude interest from the Closing Auction will be made by the DMM pursuant to Rule 104. The Regulatory Trading Official's review will be documented in Exchange systems no later than one business day following the review.]
