

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-82212; File No. SR-NYSEAMER-2017-34)

December 4, 2017

Self-Regulatory Organizations; NYSE American LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Exchange Rules to Delete Obsolete Cash Equities Rules That Are Not Applicable to Trading on the Pillar Trading Platform and to Delete Other Obsolete Rules

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (“Act”)² and Rule 19b-4 thereunder,³ notice is hereby given that on November 22, 2017, NYSE American LLC (“Exchange” or “NYSE American”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend Exchange rules to delete cash equities rules that are not applicable to trading on the Pillar trading platform. The proposed rule change is available on the Exchange’s website at www.nyse.com, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places

¹ 15 U.S.C.78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

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

1. Purpose

The Exchange proposes to amend its equity rules to delete rules that are not applicable to trading on the Pillar trading platform.

To effect its transition of cash equities trading to Pillar, the Exchange adopted Pillar platform Rules 1E – 13E. Because specified Exchange rules that govern trading cash equities on a Floor-based trading platform are not applicable to trading on Pillar, the Exchange designated specified rules governing cash equities trading with the following preamble: “this rule is not applicable to trading on the Pillar trading platform.”⁴

On July 24, 2017, the Exchange transitioned all cash equities trading to the Pillar platform. Because the cash equities rules that are not applicable to trading on the Pillar trading platform are now obsolete, the Exchange proposes to delete the following rules in their entirety:⁵

- Rule 1 – Equities (“The Exchange and Related Entities”).
- Rule 3 – Equities (“Security”).
- Rule 4 – Equities (“Stock”).

⁴ See Securities Exchange Act Release Nos. 80590 (May 4, 2017), 82 FR 21843 (May 10, 2017) (Approval Order) and 79993 (February 9, 2017), 82 FR 10814 (February 15, 2017) (SR-NYSEMKT-2017-01) (Notice). See Securities Exchange Act Release Nos. 79982 (February 7, 2017), 82 FR 105008 [sic] (February 13, 2017) (Notice) and 80577 (May 2, 2017), 82 FR 21446 (May 8, 2017) (SR-NYSEMKT-2017-04) (Approval Order).

⁵ The Exchange also proposes to delete (i) section headings if all of the rules of a section are being deleted and (ii) the list of rules included in a section heading if rules are being deleted from that section.

- Rule 5 – Equities (‘Bond’).
- Rule 6 – Equities (Floor).
- Rule 6A – Equities (Trading Floor).
- Rule 7 – Equities (Exchange BBO).
- Rule 11 – Equities (Effect of Definitions).
- Rule 12 – Equities (‘Business Day’).
- Rule 13 – Equities (Orders and Modifiers).
- Rule 14 – Equities (Non-Regular Way Settlement Instructions for Orders).
- Rule 15 – Equities (Pre-Opening Indications and Opening Order Imbalance Information).
- Rule 15A – Equities (Order Protection Rule).
- Rule 17 – Equities (Use of Exchange Facilities and Vendor Services).
- Rule 18 – Equities (Compensation in Relation to Exchange System Failure).
- Rule 19 – Equities (Locking or Crossing Protected Quotations in NMS Stocks).
- Rule 23 – Equities (New York local time).
- Rule 24 – Equities (Change in Procedure to Conform to Changes[sic] Hours of Trading).
- Rule 25 – Equities (Exchange Liability for Legal Costs).
- Rule 27 – Equities (Regulatory Cooperation).
- Rule 28 – Equities (Fingerprint-Based Background Checks of Exchange Employees and Others).
- Rule 35 – Equities (Floor Employees to be Registered).

- Rule 36 – Equities (Communications Between Exchange and Members’ Offices).
- Rule 37 – Equities (Visitors).
- Rule 46 – Equities (Floor Officials – Appointments).
- Rule 46A – Equities (Executive Floor Governors).
- Rule 47 – Equities (Floor Officials – Unusual Situations).
- Rule 49 – Equities (Exchange Business Continuity and Disaster Recovery Plans and Mandatory Testing).
- Rule 51 – Equities (Hours for Business).
- Rule 52 – Equities (Dealings on the Exchange – Hours).
- Rule 53 – Equities (Dealings on Floor – Securities).
- Rule 54 – Equities (Dealings on Floor – Persons).
- Rule 55 – Equities (Unit of Trading – Stocks and Bonds).
- Rule 60 – Equities (Dissemination of Quotations).
- Rule 61 – Equities (Recognized Quotations).
- Rule 62 – Equities (Variations).
- Rule 67 – Equities (Tick Size Pilot Plan).
- Rule 70 – Equities (Execution of Floor broker interest).
- Rule 71 – Equities (Precedence of Highest Bid and Lowest Offer).
- Rule 72 – Equities (Priority of Bids and Offers and Allocation of Executions).
- Rule 73 – Equities (Seller’s Option).
- Rule 74 – Equities (Publicity of Bids and Offers).
- Rule 75 – Equities (Disputes as to Bids and Offers).

- Rule 76 – Equities (‘Crossing’ Orders).
- Rule 77 – Equities (Prohibited Dealings and Activities).
- Rule 78 – Equities (Sell and Buy Orders Coupled at Same Price).
- Rule 79A – Equities (Miscellaneous Requirements on Stock Market Procedures).
- Rule 80B – Equities (Trading Halts Due to Extraordinary Market Volatility).
- Rule 80C – Equities (Limit Up – Limit Down Plan and Trading Pauses in Individual Securities Due to Extraordinary Market Volatility).
- Rule 90 – Equities (Dealings by Members on the Exchange).
- Rule 91 – Equities (Taking or Supplying Securities Named in Order).
- Rule 93 – Equities (Trading for Joint Account).
- Rule 94 – Equities (Designated Market Makers’ or Odd-Lot Dealers’ Interest in Joint Accounts).
- Rule 95 – Equities (Discretionary Transactions).
- Rule 96 – Equities (Limitation on Members’ Trading Because of Options).
- Rule 98 – Equities (Operation of a DMM Unit).
- Rule 98A – Equities (Restrictions on Persons or Parties Affiliated with a DMM Unit).
- Rule 103 – Equities (Registration and Capital Requirements of DMMs and DMM Units).
- Rule 103A – Equities (Member Education).
- Rule 103B – Equities (Security Allocation and Reallocation).
- Rule 104 – Equities (Dealings and Responsibilities of DMMs).
- Rule 104A – Equities (DMMs – General).

- Rule 104B – Equities (DMM Commissions[sic]).
- Rule 105 – Equities (DMMs’ Interest in Pools).
- Rule 106A – Equities (Taking Book or Order of Another Member).
- Rule 107B – Equities (Supplemental Liquidity Providers).
- Rule 107C – Equities (Retail Liquidity Program).
- Rule 108 – Equities (Limitation on Members’ Bids and Offers).
- Rule 112 – Equities (Orders Initiated ‘Off the Floor’).
- Rule 113 – Equities (DMM Unit’s Public Customers).
- Rule 115A – Equities (Orders at Opening).
- Rule 116 – Equities (‘Stop’ Constitutes Guarantee).
- Rule 117 – Equities (Orders of Members To Be in Writing).
- Rule 119 – Equities (Change in Basis from “And Interest” to “Flat”).
- Rule 121 – Equities (Records of DMM Units).
- Rule 122 – Equities (Orders with More than One Broker).
- Rule 123 – Equities (Record of Orders).
- Rule 123A – Equities (Miscellaneous Requirements).
- Rule 123B – Equities (Exchange Automated Order Routing System).
- Rule 123C – Equities (The Closing Procedures).
- Rule 123D – Equities (Openings and Halts in Trading).
- Rule 123E – Equities (DMM Combination Review Policy).
- Rule 126 – Equities (Odd-Lot Dealers General).
- Rule 127 – Equities (Block Crosses Outside the Prevailing Exchange Quotation).

- Rule 128 – Equities (Clearly Erroneous Executions for Equities).
- Rule 128A – Equities (Publication of Transactions).
- Rule 128B – Equities (Publication of Changes, Corrections, Cancellations or Omissions and Verifications of Transactions).
- Rule 130 – Equities (Overnight Comparison of Exchange Transactions).
- Rule 131 – Equities (Comparison – Requirements for Reporting Trades and Providing Facilities).
- Rule 131A – Equities (A Member Organization Shall Use Its Own Mnemonic When Entering Orders).
- Rule 132 – Equities (Comparison and Settlement of Transactions Through a Fully-Interfaced or Qualified Clearing Agency).
- Rule 133 – Equities (Comparison – Non-cleared Transactions).
- Rule 134 – Equities (Differences and Omissions-Cleared Transactions ('QTs')).
- Rule 135 – Equities (Differences and Omissions – Non-cleared Transactions ('DKs')).
- Rule 136 – Equities (Comparison – Transactions Excluded from Clearance).
- Rule 235 – Equities (Ex-Dividend, Ex-Rights).
- Rule 300 – Equities (Trading Licenses).
- Rule 301 – Equities (Qualifications for Membership).
- Rule 303 – Equities (Limitation on Access to Floor).
- Rule 304A – Equities (Member Examination Requirements).
- Rule 345 – Equities (Employees- Registration, Approval, Records).
- Rule 345A – Equities (Continuing Education for Registered Persons).
- Rule 388 – Equities (Prohibition Against Fixed Rates of Commission).

- Rule 411 – Equities (Erroneous Reports).
- Rule 440 – Equities (Books and Records).
- Rule 440B – Equities (Short Sales).
- Rule 440H – Equities (Activity Assessment Fees).
- Rule 440I – Equities (Records of Compensation Arrangements – Floor Brokerage).
- Rule 460 – Equities (DMMs Participating in Contests).
- Rules 500 – Equities – 525 – Equities (rules governing UTP trading)
- Rule 600 – Equities (Arbitration).
- Rules 900 – Equities – 907 Equities (Off-Hours Trading Facility Rules)
- Rule 1000 – Equities (Capital Commitment Schedule).
- Rule 1001 – Equities (Execution of Automatically Executing Orders).
- Rule 1002 – Equities (Availability of Automatic Execution Feature).
- Rule 1004 – Equities (Election of Buy Minus and Sell Plus).

The Exchange also proposes to delete Rule 424 – Equities. The Exchange believes that Rule 6.10E, regarding ETP Holders Holding Options, addresses the same topic, and therefore Rule 424 – Equities is no longer necessary for trading on the Pillar trading platform.⁶ The Exchange also proposes to delete Rule 438 – Equities, which relates to participating in decimal

⁶ Current Rule 424 – Equities is based on New York Stock Exchange LLC Rule 424 and has more detailed reporting requirements than Rule 6.10E. Current Rule 6.10E, which is based on NYSE Arca, Inc. Rule 11.24 (formerly, NYSE Arca Equities, Inc. Rule 6.10), sets forth the restrictions currently applicable on other exchanges relating to the purchase or sale of options that are not listed on the Options Clearing Corporation. See, e.g., CBOE BZX Exchange, Inc. Rule 12.10(a) (Options). To align the Exchange’s rules with those of other exchanges, the Exchange proposes to delete Rule 424 – Equities.

conversion testing, because by its terms, as specified in Supplementary Material .30 to that rule, that rule has expired because decimal pricing has been fully implemented.

The Exchange also proposes to delete Equities rules that are currently designated as “Reserved.”⁷ The Exchange believes it would reduce confusion and promote transparency to delete references to rules that do not have any substantive content. The Exchange further believes that because it is transitioning to a new rule numbering framework for cash equities trading, maintaining these rules on a reserved basis is no longer necessary.

The Exchange also proposes a technical, non-substantive amendment to replace the term “Non-routable Limit Order” with the term “Non-Routable Limit Order” in Rules 7.31E(d)(1)(C), 7.31E(e)(1), 7.31E(j)(1), and 7.46E(f)(5)(F)(ii) and (iii). The Exchange believes that capitalizing the term “Routable” is more consistent with the naming methodology of other Exchange order types, such as the “Non-Displayed Limit Order,” as defined in Rule 7.31E(d)(1).

⁷ See Rules 346- Equities (Deleted); Rules 348 – Equities – 349 – Equities; Rule 350 – Equities; Rule 351 – Equities; Rule 352 – Equities; Rule 354 – Equities; Rules 355 – Equities – 374 Equities; Rules 376 – Equities – 381 – Equities; Rule 382 – Equities; Rules 383 – Equities – 386 – Equities; Rules 389 – Equities – 391 – Equities; Rule 392 – Equities; Rules 393 – Equities – Rule 400 – Equities; Rule 401 – Equities; Rule 401A – Equities; Rule 405 – Equities; Rule 405A – Equities; 410A – Equities; Rule 413 – Equities; Rule 414 – Equities; Rule 415 – Equities; Rule 417 – Equities; Rule 418 – Equities; Rule 419 – Equities; Rule 420 – Equities; Rule 421 – Equities; Rule 423 – Equities; Rules 425 – Equities – 429 - Equities; 440D – Equities – 440E – Equities; 440F – Equities; 440G – Equities; Rules 441 – Equities – 444 – Equities; Rule 445 – Equities; Rule 446 – Equities; Rules 447 – Equities – 449 – Equities; Rules 461 – Equities – 464 – Equities; Rules 498 – Equities – 499 – Equities; Rules 526 – Equities – 599 – Equities; Rules 601 – Equities – 899 – Equities; and Rules 908 – Equities – 999 – Equities. The Exchange also proposes to delete references to the term “Reserved” that do not correlate to a current rule number.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Securities Exchange Act of 1934 (the “Act”),⁸ in general, and furthers the objectives of Section 6(b)(5),⁹ in particular, because it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to, and perfect the mechanism of, a free and open market and a national market system and, in general, to protect investors and the public interest.

The Exchange believes that its proposed rule change to eliminate rules that are not applicable to trading on Pillar would remove impediments to and perfect the mechanism of a free and open market and a national market system because it would eliminate rules that are now obsolete or that do not have any substantive content. Eliminating obsolete rules would reduce potential confusion and add transparency and clarity to the Exchange’s rules, thereby ensuring that members, regulators, and the public can more easily navigate and understand the Exchange’s rulebook.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change is not intended to address any competitive issues, but rather it is designed to eliminate obsolete rules.

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(5).

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

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

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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act¹⁰ and Rule 19b-4(f)(6) thereunder.¹¹ Because the proposed rule change does not:

(i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6)(iii) thereunder.

A proposed rule change filed under Rule 19b-4(f)(6)¹² normally does not become operative for 30 days after the date of the filing. However, Rule 19b-4(f)(6)(iii)¹³ permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange requests that the Commission waive the 30-day operative delay. The Commission notes that the Exchange represented that it has transitioned cash equities trading to the Pillar trading technology in July 2017. Therefore, the Exchange's cash equities rules that govern floor-based trading are no longer in effect and are therefore obsolete. The Commission believes deleting Exchange rules that are no longer in effect and are obsolete would be consistent with the protection of investors and the public interest because it would reduce potential confusion and add transparency and clarity to NYSE American's rules.

¹⁰ 15 U.S.C. 78s(b)(3)(A)(iii).

¹¹ 17 CFR 240.19b-4(f)(6).

¹² 17 CFR 240.19b-4(f)(6).

¹³ 17 CFR 240.19b-4(f)(6)(iii).

Further, the Commission notes that Exchange Rule 438-Equities, related to participation in decimal conversion testing, is obsolete as decimal conversion has been completed. Finally, the Commission believes that the replacement of the term “Non-routable Limit Order” with the term “Non-Routable Limit Order” is a non-substantive change to conform the designation of the order type. For the foregoing reasons, the Commission finds that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest. Accordingly, the Commission waives the 30-day operative delay and designates the proposed rule change operative upon filing.¹⁴

At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B)¹⁵ of the Act to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission’s Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or

¹⁴ For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

¹⁵ 15 U.S.C. 78s(b)(2)(B).

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NYSEAMER-2017-34 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-NYSEAMER-2017-34. 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-NYSEAMER-2017-34 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.¹⁶

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Assistant Secretary

¹⁶ 17 CFR 200.30-3(a)(12).