

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-83822; File No. SR-NYSEAMER-2018-37)

August 10, 2018

Self-Regulatory Organizations; NYSE American LLC; Notice of Filing and Immediate Effectiveness of Proposed Change to Amend Section 140 and Section 142 of the NYSE American Company Guide to Eliminate the Initial Application Fee for SPACs Applying to List and Amend the Additional Shares Fee for Shares Issued in Conjunction with a Business Combination if the SPAC Remains Listed After Such Business Combination

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 July 31, 2018, NYSE American LLC (the “Exchange” or “NYSE American”) 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 amend Section 140 of the NYSE American Company Guide to provide that a company applying to list as a special purpose acquisition company (“SPAC”) under Section 119 of the Company Guide will not be required to pay an Initial Application Fee. The Exchange also proposes to amend Section 142 of the Company Guide to provide that a SPAC remaining listed after consummation of the Business Combination will not be required to pay listing fees in relation to the issuance of any additional shares (i) in connection with the consummation of the Business Combination; or (ii) in a transaction that occurs at the same time as the Business Combination with a closing contractually contingent on the consummation of the

¹ 15 U.S.C.78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

Business Combination. The proposed change is available on the Exchange's website at www.nyse.com, at the principal office of the Exchange, and at the Commission's Public Reference Room.

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

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

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

1. Purpose

Section 119 of the Company Guide provides for the listing of companies with no prior operating history ("SPACs") that conduct an initial public offering for the purpose of engaging in a merger or acquisition with one or more unidentified companies within a specific period of time (not to exceed 36 months) (the "Business Combination"). At least 90% of the gross proceeds of a SPAC's IPO and any concurrent sale by the company of equity securities must be deposited in a trust account maintained by an independent trustee, an escrow account maintained by an "insured depository institution," as that term is defined in Section 3(c)(2) of the Federal Deposit Insurance Act, or in a separate bank account established by a registered broker or dealer (collectively, a "deposit account") pending completion of the Business Combination or dissolution of the SPAC. The Business Combination must have an aggregate fair market value of at least 80% of the value of the deposit account (excluding any deferred underwriter's fees and

taxes payable on the income earned on the deposit account) at the time of the agreement. A listed SPAC may remain listed upon consummation of its Business Combination, provided it meets the criteria for initial listing of an operating company.

Proposed Waiver of the Initial Application Fee For SPACs

Pursuant to Section 140 of the Company Guide, issuers applying for initial listing on the Exchange must (subject to enumerated exceptions) pay a \$5,000 initial application fee (the “Initial Application Fee”). The Initial Application Fee is deducted from the amount of initial listing fees payable by an applicant at the time of its initial listing. The Exchange proposes to amend Section 140 to provide that companies listed as SPACs under Section 119 of the Company Guide would not be charged the Initial Application Fee. SPACs applying to list almost always complete their offerings and the Exchange is therefore unlikely to incur unreimbursed costs in reviewing their applications, which was the concern the Exchange was addressing when it adopted the Initial Application Fee.

Proposed Waiver of Additional Listing Fees in Connection with SPAC Business Combinations

The Exchange has observed that a SPAC will frequently reconsider its listing venue in connection with the consummation of its Business Combination. The Business Combination is a transformative event in the life cycle of a SPAC, when it becomes an operating company instead of a blank check company. In connection with that transformation, a SPAC will frequently put in place a new management team and significantly change its board of directors and it will often have a significantly different shareholder base after the Business Combination than it had as a SPAC. In effect, a SPAC after its Business Combination is a completely different company and it is for this reason that the board and management of the company after the transaction would want to reconsider the positioning of the company in many respects, including its listing venue.

The market for the retention or transfer to another exchange of these companies is very competitive and a number of transfers to a new listing venue have occurred in connection with the completion of a SPAC's Business Combination. The listing rules of the Exchange,⁴ the New York Stock Exchange⁵ and NASDAQ Stock Market⁶ all provide for a waiver of all initial listing fees in connection with a transfer from another national securities exchange, so a SPAC moving its listing upon consummation of its Business Combination does not pay any listing fees in connection with such transfer or the issuance of any new shares at the time of its Business Combination. However, pursuant to the provisions of Section 142 of the Company Guide, a SPAC remaining listed on the Exchange upon consummation of its Business Combination must pay additional listing fees in relation to any additional shares issued in connection with the Business Combination. In such a case, the SPAC would be faced with the anomalous situation where there would be no listing fee burden associated with a transfer to another exchange but it would be required to pay significant additional listing fees if it remained on its incumbent exchange. Consequently, to eliminate this disparate treatment of companies listing after a Business Combination, the Exchange proposes to amend Section 142 to provide that any SPAC remaining listed on the Exchange upon consummation of its Business Combination would no longer be subject to any additional listing fees with respect to any shares issued in connection with such Business Combination.

In addition, the Exchange has observed that it is not uncommon for a SPAC to raise capital by selling shares in a private placement in conjunction with the consummation of its Business Combination to fund its new business after the Business Combination. The private

⁴ See Section 140 of the NYSE American Company Guide.

⁵ See Section 902.02 of the NYSE Listed Company Manual.

⁶ See NASDAQ Marketplace Rule 5910(a)(7)(i).

placement generally closes at the same time as the consummation of the Business Combination and the closing of the private placement is contractually conditioned on such consummation.

Under current Exchange rules, the SPAC would be required to pay listing fees with respect to the shares issued in any such private placement. By contrast, if the SPAC chose to transfer to another listing venue at the time of consummation of its Business Combination, the other market would charge no listing fees on those shares as they would be subject to the listing fee exemption, which all of the exchanges have, for shares outstanding at the time of transfer. As this anomaly would impose a cost on the SPAC if it remained on the Exchange where none would be incurred if the company chose to transfer, the Exchange proposes to amend Section 142 to provide that a SPAC that remains listed after consummation of its Business Combination would not be required to pay listing fees in relation to the issuance of any additional shares in a transaction that occurs at the same time as the Business Combination with a closing contractually contingent on the consummation of the Business Combination.⁷

The Exchange does not expect the revenues it forgoes as a result of the proposed amendments to Sections 140 and 142 to negatively affect its ability to conduct its regulatory program.

The Exchange also proposes to remove some text from Section 140 that is no longer applicable as it refers to the implantation of the Initial Application Fee as of January 1, 2013.

⁷ The Exchange believes that it is appropriate to provide this waiver to a SPAC at the time of its Business Combination and not to an operating company that would also be subject to additional listing fees in connection with a share issuance subsequent to listing. In the Exchange's experience, there is generally no parallel to the Business Combination in the life cycle of an operating company that would cause it to reconsider its listing venue at the time it issued additional shares, so the anomaly the Exchange seeks to address in relation to SPACs is not relevant to operating companies.

Additionally, the Exchange proposes to amend Section 142 to remove text relating to fee rates that are no longer applicable as they expired by their terms on December 31, 2014.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,⁸ in general, and furthers the objectives of Sections 6(b)(4)⁹ and 6(b)(5)¹⁰ of the Act, in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges and is not designed to permit unfair discrimination among its members and issuers and other persons using its facilities.

The proposed amendment to Section 140 is not unfairly discriminatory and represents an equitable allocation of reasonable fees, because SPACs applying to list almost always complete their offerings and the Exchange is therefore unlikely to incur unreimbursed costs in reviewing their applications, which was the concern the Exchange was addressing when it adopted the Initial Application Fee. In addition, the proposed amendment would represent an equitable allocation of reasonable fees as the Initial Listing Application Fee is offset against fees payable upon listing and almost all SPACs applying to list would benefit from this discount to their initial listing fees, while operating company applicants are much more likely not to complete the listing process.

The proposed amendment to Section 142 is not unfairly discriminatory and represents an equitable allocation of reasonable fees, as it will result in a SPAC that remains listed on the Exchange after its Business Combination being treated the same as a SPAC that transfers to the Exchange from another listing venue. The Exchange also believes the proposed amendment to

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(4).

¹⁰ 15 U.S.C. 78f(b)(5).

Section 142 is not unfairly discriminatory and represents an equitable allocation of reasonable fees with respect to listed operating companies, as operating companies generally do not have an event in their life cycle parallel to the Business Combination for a SPAC which would normally give rise to a reconsideration of the company's listing venue.

The proposed removal of text relating to fees that are no longer applicable is ministerial in nature and has no substantive effect.

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 purpose of the Act. The proposed amendment to Section 140 does not impose and burden on competition as it merely will allow the Exchange to better compete with other exchanges for initial listing of SPACs. In addition, the proposed amendment to Section 142 does not impose any burden on competition, as it will have the effect of treating a SPAC that remains listed on the Exchange after its Business Combination the same for fee purposes as a SPAC that transfers to the Exchange from another listing venue or transfers to another listing venue at that time.

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 foregoing rule change is effective upon filing pursuant to Section 19(b)(3)(A)¹¹ of the Act and subparagraph (f)(2) of Rule 19b-4¹² thereunder, because it establishes a due, fee, or other charge imposed by the Exchange.

¹¹ 15 U.S.C. 78s(b)(3)(A).

¹² 17 CFR 240.19b-4(f)(2).

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)¹³ of the Act to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

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

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NYSEAMER-2018-37 on the subject line.

Paper comments:

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NYSEAMER-2018-37. 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

¹³ 15 U.S.C. 78s(b)(2)(B).

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-2018-37 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.¹⁴

Brent J. Fields
Secretary

¹⁴ 17 CFR 200.30-3(a)(12).