

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-84724; File No. SR-NYSEAMER-2018-54)

December 6, 2018

Self-Regulatory Organizations; NYSE American LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change of Amendments to the Exchange's Rules to Delete References to the Term "Allied Member" and Correct Rule 2.1220

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (the "Act")<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that on November 30, 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 amendments to the Exchange's rules to delete references to the term "allied member" and correct an inadvertent error in Rule 2.1220. The proposed rule change is intended to harmonize Exchange rules with the rules of the Exchange's affiliates and the Financial Regulatory Authority, Inc. ("FINRA") and thus promote consistency within the securities industry. The proposed rule change is available on the Exchange's website at [www.nyse.com](http://www.nyse.com), at the principal office of the Exchange, and at the Commission's Public Reference Room.

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<sup>1</sup> 15 U.S.C.78s(b)(1).

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 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 amend its rules to delete the term “allied member” from its rules. The “allied member” designation is a regulatory category based on a person’s control of a member organization. The Exchange’s affiliate New York Stock Exchange LLC (the “NYSE”) no longer has allied members, and FINRA has deleted the term from its Incorporated NYSE Rules.<sup>4</sup> In order to harmonize with the rules of the NYSE and FINRA, the Exchange accordingly proposes to delete reference to “allied member” from the following Exchange rules: Rule 2, Rule 2.21E, Rule 7.3E, Rule 18, Rule 25, Rule 50, Rule 204, Rule 310, Rule 317, Rule 320, Rule 341, Rule 341A, Rule 342, Rule 356, Rule 359, Rule 359B, Rule 415, the preamble to the rule regarding Proxies, Rule 458 - Equities, Rule 472, Rule 481, Rule 520, Rule 624, Rule 724, Rule 900.2NY and Rule 9232. The Exchange also proposes to delete Rule 23, which defines the term allied member, and Rule 355, which provides the requirements for an allied membership, in their entirety.

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<sup>4</sup> See Securities Exchange Act Release No. 58549 (September 15, 2008), 73 FR 54444 (September 19, 2008) (SR-NYSE-2008-80) (Notice); Securities Exchange Act Release No. 58533 (September 12, 2008), 73 FR 54652 (September 22, 2008) (SR-FINRA-2008-036) (Order).

Additionally, in October 2017, the Exchange filed to amend its rules regarding qualification, registration and continuing education requirements applicable to member organizations, Equity Trading Permit Holders and American Trading Permit (“ATP”) Holders.<sup>5</sup> The Exchange mistakenly included a cross reference in Rule 2.1220(a)(7) to Rule 11.18(b)(2) (which does not exist) rather than to Rule 920(a) when amending these rules.

Rule 2.1220(a)(7) provides that each ATP Holder engaged in options transactions with the public have at least one Registered Options Principal. The rule further requires that a principal responsible for supervising an ATP Holder’s options sales practices with the public, including a person designated pursuant to Rule 11.18(b)(2) register with the Exchange as a Registered Options Principal, unless such principal’s options activities are limited solely to those activities that may be supervised by a General Securities Sales Supervisor, in which case, such person may register as a General Securities Sales Supervisor in lieu of registering as a Registered Options Principal. The reference to Rule 11.18(b)(2) is incorrect because there is no Rule 11.18(b)(2) in the Exchange rulebook. The correct reference should be to Rule 920(a).<sup>6</sup> Therefore, the Exchange proposes to replace the reference to Rule 11.18(b)(2) with Rule 920(a). The Exchange is not proposing to amend any other part of the Registration Rules.

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<sup>5</sup> See Securities Exchange Act Release No. 84388 (October 10, 2018), 83 FR 52287 (October 16, 2018) (SR-NYSEAmer-20018-46) (Notice) (“Registration Rules”).

<sup>6</sup> Rule 920(a) provides that “no member organization shall transact any business with the public in option contracts unless those persons engaged in the supervision of options sales practices, or a person to whom the designated general partner or executive officer (pursuant to Rule 922) or another Registered Options Principal delegates the authority to supervise options sales practices, are registered with and approved by the Exchange as Options Principals.” The rule further provides that “no individual member shall transact any business directly with the public in option contracts unless he is registered with and approved by the Exchange as an Options Principal.”

## 2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Securities Exchange Act of 1934 (the “Act”),<sup>7</sup> in general, and furthers the objectives of Section 6(b)(5),<sup>8</sup> in particular, because it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to, and perfect the mechanism of, a free and open market and a national market system and, in general, to protect investors and the public interest.

The Exchange believes that the proposed rule change will harmonize its rules with NYSE and FINRA rules, thus assisting members and member organizations in complying with those rules and thereby enhancing regulatory efficiency. In addition, the Exchange believes that providing greater harmonization between the Exchange and NYSE and FINRA rules would result in less burdensome and more efficient regulatory compliance for Exchange members and member organizations that are subject to regulatory examination and oversight, thereby removing impediments to and perfecting the mechanism of a free and open market and a national market system, consistent with the objectives of Section 6(b)(5) of the Act. Additionally, the Exchange believes that deletion of the term “allied member” is consistent with the Act because the Exchange no longer recognizes allied member as a registration category and no Exchange member is currently registered as an allied member. Accordingly, deletion of the term from the Exchange’s rules will provide clarity and remove any potential confusion among potential Exchange members and member organizations as to the category of memberships and

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<sup>7</sup> 15 U.S.C. 78f(b).

<sup>8</sup> 15 U.S.C. 78f(b)(5).

registration requirements on the Exchange. Finally, the Exchange believes it is consistent with the Act to correct the incorrect cross reference in Rule 2.1220(a)(7) so that the Exchange's rules are accurate, avoiding any potential among ATP Holders.

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 amendments are intended to promote clarity to the Exchange's rules applicable to member organizations and their registered personnel. Further, the proposed changes would apply to all Exchange members and member organizations in the same manner and therefore would not impose any unnecessary intramarket burdens.

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 Act<sup>9</sup> and Rule 19b-4(f)(6) thereunder.<sup>10</sup> 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

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<sup>9</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>10</sup> 17 CFR 240.19b-4(f)(6).

investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6)(iii) thereunder.<sup>11</sup>

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)<sup>12</sup> 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](mailto:rule-comments@sec.gov). Please include File Number SR-NYSEAMER-2018-54 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.

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<sup>11</sup> 17 CFR 240.19b-4(f)(6)(iii). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

<sup>12</sup> 15 U.S.C. 78s(b)(2)(B).

All submissions should refer to File Number SR-NYSEAMER-2018-54. 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-2018-54 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.<sup>13</sup>

Eduardo A. Aleman  
Assistant Secretary

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<sup>13</sup> 17 CFR 200.30-3(a)(12).