

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-81232; File No. SR-NYSEAMER-2017-01]

Self-Regulatory Organizations; NYSE American LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change in Connection With the September 5, 2017 Compliance Date for the Shortening of the Standard Settlement Cycle From Three Business Days After the Trade Date to Two Business Days After the Trade Date

July 27, 2017.

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 26, 2017, NYSE American LLC (the “Exchange” or “NYSE AMER”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory 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 in connection with the September 5, 2017 compliance date for the shortening of the standard settlement cycle from three business days after the trade date (“T+3”) to two business days after the trade date (“T+2”), to (1) delete NYSE American Rules 14—Equities, 64—Equities, 235—Equities, 236—Equities, 257—Equities, 282—Equities, Supplementary Material .65, and Sections 510 and 512 of the NYSE American Company Guide (“Company Guide”); (2) delete the preamble and “T” modifier from NYSE American Rules 14T—Equities, 64T—Equities, 235T—Equities, 236T—Equities, 257T—Equities, and 282.65—Equities, and Sections 510T and 512T of the Company Guide; and (3) establish the operative date of Rules 14T—Equities, 64T—Equities, 235T—Equities, 236T—Equities, 257T—Equities, and 282.65T—Equities, and Sections 510T and 512T of the Company Guide. The proposed rule change is available on the Exchange’s Web site 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

In connection with the September 5, 2017 compliance date for shortening of the standard settlement cycle from T+3 to T+2, the Exchange proposes to delete:

- Rule 14—Equities (Non-Regular Way Settlement Instructions for Orders);⁴
 - Rule 64—Equities (Bonds, Rights and 100-Share-Unit Stocks),
 - Rule 235—Equities (Ex-Dividend, Ex-Rights);⁵
 - Rule 236—Equities (Ex-Warrants);
 - Rule 257—Equities (Deliveries After Ex-Date);
 - Rule 282.65 (Failure to Deliver and Liability Notice Procedures); and
 - Sec. 510 (Three Day Delivery Plan) and Sec. 512 (Ex-Dividend Procedure) of the Company Guide.
- The Exchange further proposes to delete the preamble and “T” modifier from the following rules:
- Rule 64T—Equities (Bonds, Rights and 100-Share-Unit Stocks);
 - Rule 236T—Equities (Ex-Warrants);

⁴ The Exchange proposes to retain the title of current Rule 14 (“Non-Regular Way Settlement Instructions for Orders”) and the legend that states “This Rule is not applicable to trading the Pillar trading platform,” which was added in connection with the Exchange’s transition to Pillar, an integrated trading technology platform designed to use a single specification for connecting to the equities and options markets operated by the Exchange and its affiliates, NYSE Arca, Inc. (“NYSE Arca”) and New York Stock Exchange LLC (“NYSE”). 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, 10815–16 (February 15, 2017) (SR-NYSEMKT-2017-01) (Notice) (the “Pillar Trading Rule Filing”). The Exchange began trading on the Pillar platform on July 24, 2017.

⁵ The Exchange proposes to retain the title of current Rule 235 (“Ex-Dividend, Ex-Rights”) and the legend that states “This Rule is not applicable to trading the Pillar trading platform,” which was added in connection with the Exchange’s transition to Pillar. See note 5, *supra*.

- Rule 257T—Equities (Deliveries After Ex-Date);
- 282.65T (Failure to Deliver and Liability Notice Procedures); and
- Sec. 510T (Two Day Delivery Plan) and Sec. 512T (Ex-Dividend Procedure).

The Exchange proposes that the operative date for these changes would be September 5, 2017 to conform to the compliance date for T+2.

Background

On September 28, 2016, the Securities and Exchange Commission (“SEC”) proposed amendments to Rule 15c6–1(a) to shorten the standard settlement cycle from T+3 to T+2.⁶ Following this action by the SEC, the Exchange adopted new rules with the modifier “T” to reflect a T+2 settlement cycle.⁷ Because the Exchange would not implement the new rules until after the final implementation of T+2, the Exchange retained the versions of rules reflecting T+3 settlement on its books. In order to reduce the potential for confusion regarding which version of the rule governs, the Exchange added explanatory preambles as noted below.

In particular, the following preamble was added to Rules 14, 64, 235, 236, 257, and 282.65, and Sec. 510 and Sec. 512 of the Company Guide:

“This version of . . . will remain operative until the Exchange files separate proposed rule changes as necessary to establish the operative date of . . . to delete this version of . . . and preamble, and to remove the preamble text from the version of . . . In addition to filing the necessary proposed rule changes, the Exchange will announce via Information Memo the operative date of the deletion of this Rule and implementation of revised . . .”

The following preamble was added to Rules 14T, 64T, 235T, 236T, 257T, and 282.65T, as well as Sections 510T and 512T of the Company Guide:

“The Exchange will file separate proposed rule changes to establish the operative date of . . ., to delete . . . and the preamble text from . . ., and to remove the preamble text from the version of . . . Until such time, . . . will remain operative. In addition to filing the necessary proposed rule changes, the Exchange will announce via Information Memo the implementation of this Rule and the operative date of the deletion of . . .”

On March 22, 2017, the SEC adopted the proposed amendment to Rule 15c6–

⁶ See Securities Exchange Act Release No. 78962 (September 28, 2016), 81 FR 69240 (October 5, 2016) (File No. S7–22–16).

⁷ See Securities Exchange Act Release No. 80020 (February 13, 2017), 82 FR 10940 (February 16, 2017) (SR-NYSEMKT–2016–119).

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

1(a) under the Act⁸ with a compliance date of September 5, 2017.⁹

Proposed Rule Change

In order to comply with the September 5, 2017 transition to T+2 settlement, the Exchange proposes to:

- Delete Rules 64, 236, 257, 282.65, and Sec. 510 and Sec. 512 of the Company Guide, including the preambles, in their entirety;
- delete the text of Rules 14 and 235, including the preambles, and retain the title of each rule and the legend providing that the rule will not be applicable to trading in the Pillar platform;¹⁰
- delete the preambles to Rules 14T, 64T, 235T, 236T, 257T, 282.65T and Sec. 510T and 512T of the Company Guide; and
- delete the “T” modifier in Rules 64T, 236T, 257T, 282.65T and Sec. 510T and 512T of the Company Guide which distinguished such rules from the T+3 rules.

The Exchange proposes that the changes described herein would take effect on September 5, 2017, to coincide with the transition to T+2. The Exchange will announce via Information Memo the implementation of Rules 14T, 64T, 235T, 236T, 257T, 282.65T and Sec. 510T and 512T of the Company Guide and the operative date of the deletion of Rules 64, 236, 257, 282.65, and Sec. 510 and Sec. 512 of the Company Guide.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,¹¹ in general, and further the objectives of Section 6(b)(5) of the Act,¹² in particular, because it is designed to prevent fraudulent and manipulative acts and practices, promote just and equitable principles of trade, 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.

In particular, the Exchange believes that the proposed changes remove

impediments to and perfect the mechanism of a free and open market by adding clarity as to which rules are operative and when, thereby reducing potential confusion, and making the Exchange’s rules easier to navigate. The Exchange also believes that eliminating obsolete material from its rulebook also removes impediments to and perfects the mechanism of a free and open market by removing confusion that may result from having obsolete material in the Exchange’s rulebook. The Exchange believes that eliminating such obsolete material would not be inconsistent with the public interest and the protection of investors because investors will not be harmed and in fact would benefit from increased transparency, thereby reducing potential confusion.

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

The Exchange does not believe that the proposed rule change would 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 issue but rather facilitate the industry’s transition to a T+2 regular-way settlement cycle. The Exchange also believes that the proposed rule change will serve to promote clarity and consistency, thereby reducing burdens on the marketplace and facilitating investor protection.

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 Act¹³ and Rule 19b-4(f)(6) thereunder.¹⁴ 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.¹⁵

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)¹⁶ of the Act to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

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

Electronic Comments

- Use the Commission’s Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include File Number SR-NYSEAMER-2017-01 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-2017-01. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission’s Internet Web site (<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

¹⁵ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires the Exchange to give the Commission written notice of the Exchange’s intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

¹⁶ 15 U.S.C. 78s(b)(2)(B).

⁸ See 17 CFR 240.15c6-1(a).

⁹ See Securities Exchange Act Release No. 80295 (March 22, 2017), 82 FR 15564 (March 29, 2017) (File No. S7-22-16).

¹⁰ See notes 5 & 6, *supra*. As noted in the Pillar Trading Rules Filing, once trading on the Pillar trading platform begins, specified current Exchange equities trading rules would no longer be applicable, and current Exchange rules governing equities trading that are not identified as inapplicable would continue to govern Exchange operations on its cash equities trading platform. See Pillar Trading Rule Filing, *supra* note 5, 82 FR at 10815-16.

¹¹ 15 U.S.C. 78f(b).

¹² 15 U.S.C. 78f(b)(5).

¹³ 15 U.S.C. 78s(b)(3)(A).

¹⁴ 17 CFR 240.19b-4(f)(6).

public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site 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; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NYSEAMER-2017-01 and should be submitted on or before August 23, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁷

Eduardo A. Aleman,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-81228; File No. SR-NYSEMKT-2017-43]

Self-Regulatory Organizations; NYSE MKT LLC; Notice of Filing and Immediate Effectiveness of Proposed Change To Adopt Transaction Fees in Connection With the Exchange's Transition to a Fully-Automated Cash Equities Market

July 27, 2017.

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 19, 2017, NYSE MKT LLC (the "Exchange" or "NYSE MKT") 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 adopt transaction fees in connection with the

Exchange's transition to a fully-automated cash equities market. The Exchange proposes to implement the rule change on July 24, 2017. The proposed change is available on the Exchange's Web site 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

On January 29, 2015, the Exchange announced the implementation of Pillar, which is an integrated trading technology platform designed to use a single specification for connecting to the equities and options markets operated by the Exchange and its affiliates, NYSE Arca, Inc. ("NYSE Arca") and New York Stock Exchange LLC ("NYSE").⁴ NYSE Arca Equities, Inc. ("NYSE Arca Equities"),⁵ which operates the cash equities trading platform for NYSE Arca, was the first trading system to migrate to Pillar.⁶

⁴ See Trader Update dated January 29, 2015, available here: <https://www.nyse.com/trader-update/history#13517>.

⁵ NYSE Arca Equities is a wholly-owned corporation of NYSE Arca and operates as a facility of NYSE Arca.

⁶ NYSE Arca filed four rule proposals in connection with the NYSE Arca implementation of Pillar. See Securities Exchange Act Release Nos. 74951 (May 13, 2015), 80 FR 28721 (May 19, 2015) (Notice) and 75494 (July 20, 2015), 80 FR 44170 (July 24, 2015) (SR-NYSEArca-2015-38) (Approval Order of NYSE Arca Pillar I Filing, adopting rules for Trading Sessions, Order Ranking and Display, and Order Execution); Securities Exchange Act Release Nos. 75497 (July 21, 2015), 80 FR 45022 (July 28, 2015) (Notice) and 76267 (October 26, 2015), 80 FR 66951 (October 30, 2015) (SR-NYSEArca-2015-56) (Approval Order of NYSE Arca Pillar II Filing, adopting rules for Orders and Modifiers and the Retail Liquidity Program); Securities Exchange Act Release Nos. 75467 (July 16, 2015), 80 FR 43515 (July 22, 2015) (Notice) and 76198 (October 20, 2015), 80 FR 65274 (October 26, 2015) (SR-NYSEArca-2015-58) (Approval Order of NYSE Arca Pillar III Filing, adopting rules for

To effect its transition to Pillar, the Exchange adopted the rule numbering framework of the NYSE Arca Equities, Inc. ("NYSE Arca Equities") rules for Exchange cash equities trading on the Pillar trading platform.⁷ The Exchange's trading rules for cash equity trading on Pillar are based on the trading rules of NYSE Arca Equities.⁸ As described in the Trading Rules Filing, with Pillar, the Exchange will transition its cash equities trading platform from a Floor-based market with a parity allocation model to a fully automated price-time priority allocation model that trades all NMS Stocks.

In connection with this transition, the Exchange proposes to amend its Price List to adopt a new pricing model for trading on the Pillar platform.

The proposed changes would apply to transactions executed in all trading sessions in securities priced at or above and below \$1.00.

The Exchange proposes to implement these changes effective July 24, 2017.

Proposed Rule Change

The Exchange proposes the following transaction fees for trading on its Pillar trading platform.

The Exchange also proposes to add the following legend immediately before those current fees and credits in the

Trading Halts, Short Sales, Limit Up-Limit Down, and Odd Lots and Mixed Lots); and Securities Exchange Act Release Nos. 76085 (October 6, 2015), 80 FR 61513 (October 13, 2015) (Notice) and 76869 (January 11, 2016), 81 FR 2276 (January 15, 2016) (SR-NYSEArca-2015-86) (Approval Order of NYSE Arca Pillar IV Filing, adopting rules for Auctions).

⁷ See Securities Exchange Act Release No. 79242 (November 4, 2016), 81 FR 79081 (November 10, 2016) (SR-NYSEMKT-2016-97) (Notice and Filing of Immediate Effectiveness of Proposed Rule Change) (the "Framework Filing"). The rules applicable to cash equities trading on Pillar are denoted with the letter "E". Additionally, the Exchange filed a proposed rule change to support Exchange trading of securities listed on other national securities exchanges on an unlisted trading privileges basis, including Exchange Traded Products ("ETP") listed on other exchanges. See Securities Exchange Act Release No. 79400 (November 25, 2016), 81 FR 86750 (December 1, 2016) (SR-NYSEMKT-2016-103) (Notice) (the "ETP Listing Rules Filing").

⁸ 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) ("Trading Rules Filing"). The Exchange also has established market maker obligations when trading on the Pillar trading platform. See Securities Exchange Act Release No. 80577 (May 2, 2017), 82 FR 21446 (May 8, 2017) (SR-NYSEMKT-2017-04) (Approval Order) ("DMM Obligations Filing"). In addition, the Exchange will introduce a delay mechanism on Pillar that will add the equivalent of 350 microseconds of latency to inbound and outbound order messages. See Securities Exchange Act Release Nos. 80700 (May 16, 2017), 82 FR 23381 (May 22, 2017) (SR-NYSEMKT-2017-05) (Approval Order) and 79998 (February 9, 2017), 82 FR 10828 (February 15, 2017) (SR-NYSEMKT-2017-05) (Notice).

¹⁷ 17 CFR 200.30-3(a)(12).

¹⁵ 15 U.S.C. 78s(b)(1).

²⁵ 15 U.S.C. 78a.

³⁷ 17 CFR 240.19b-4.