information via ISG from other exchanges that are members of ISG or with which the Exchange has entered into a comprehensive surveillance sharing agreement. In addition, as noted above, investors will have ready access to information regarding platinum pricing.

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 Exchange believes the proposed rule change will enhance competition by accommodating Exchange trading of an additional exchange-traded product relating to physical platinum.

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 within such longer period 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 email to *rule-comments@sec.gov.* Please include File Number SR–NYSEArca–2017–110 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–NYSEArca–2017–110. 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 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 offices 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–NYSEArca–2017–110, and should be submitted on or before October 18, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[21]

Eduardo A. Aleman,

Assistant Secretary.

[FR Doc. 2017–20627 Filed 9–26–17; 8:45 am]

BILLING CODE 8011–01–P

[21] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–81676; File No. SR–NYSEAMER–2017–15]

Self-Regulatory Organizations; NYSE American LLC; Notice of Filing of Proposed Rule Change Amending Rule 980NY (Electronic Complex Order Trading) To Clarify the Priority of Electronic Complex Orders and To Modify Aspects of Its Complex Order Auction Process

September 21, 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 September 8, 2017, 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 Rule 980NY(Electronic Complex Order Trading) to clarify the priority of Electronic Complex Orders and to modify aspects of its Complex Order Auction Process.

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.

[1] 15 U.S.C.78s(b)(1).

[2] 15 U.S.C. 78a.

[3] 17 CFR 240.19b–4.

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 Rule 980NY to clarify the priority of Electronic Complex Orders (''ECO'') [4] and to modify aspects of its Complex Order Auction (''COA'') Process.[5]

Rule 980NY sets forth how the Exchange conducts trading of ECOs in its Complex Matching Engine (''CME''). The Exchange proposes to streamline the rule text describing the execution of ECOs during Core Trading Hours [6] to provide specificity and transparency regarding such order processing, without modifying the substance of such processing. The Exchange also proposes to amend the rules describing how ECOs that are eligible for a COA Process are executed and allocated to clarify the description of current functionality and to provide additional detail regarding order processing. The Exchange also proposes amendments to Rule 980NY to clarify and add transparency to the description of the COA Process, as described below.

Execution of ECOs During Core Trading Hours

The Exchange proposes to streamline its description of the priority of ECOs during Core Trading Hours, which the Exchange believes would add specificity and transparency to Exchange rules. Every ECO, upon entry to the System, is routed to the CME for possible execution against other ECOs or against individual quotes and orders residing in the Consolidated Book (''leg markets'').[7] In general, the Exchange affords Customer orders priority over same-priced non-Customer orders received by the Exchange. The Exchange ranks and allocates Customer orders at the same price in time priority and, after all Customer orders are executed at a price, non-Customer orders at the same price are allocated on a pro rata basis.[8] Similarly, the Exchange affords Customer ECOs priority over non-Customer ECOs with the same total net debit or credit. The Exchange ranks Customer ECOs with the same total or net debit or credit based on the time of entry of such Customer ECOs, and then ranks non-Customer ECOs at the same total net debit or credit based on the time of entry of such non-Customer ECOs.[9]

Paragraph (c) to the Rule sets forth how ECOs are executed, including that ECOs submitted to the System may be executed without consideration of prices of the same complex order that might be available on other exchanges.[10] The Exchange proposes to specify that ECOs may be executed without regard to prices of ''either single-legged or the same complex order strategy'' that might be available on other exchanges, which adds specificity and transparency to Exchange rules.[11] The Exchange also proposes to amend Rule 980NY(c) by re-numbering the rule text. As described in more detail below, proposed Rule 980NY(c)(ii) would set forth how ECOs that are marketable on arrival would be executed and proposed Rule 980NY(c)(iii) would set forth how ECOs that are not executed on arrival would be ranked and executed on the Consolidated Book.

Rule 980NY(c)(ii) sets forth how ECOs are executed during Core Trading. Paragraph (c)(ii)(A) currently provides that the CME will accept an incoming marketable ECO and will automatically execute the ECO giving first priority to ECOs in the Consolidated Book or, if not marketable against another ECO, the incoming ECO will trade against individual orders or quotes residing in the Consolidated Book, provided it can be executed in full (or in a permissible ratio) by the leg markets.[12] Because Customer orders have priority, Rule 980NY(c)(ii)(A) further provides that ''[n]otwithstanding the foregoing, if individual Customer orders residing in the Consolidated Book can execute the incoming [ECO] in full (or in a permissible ratio) at the same total or net debit or credit as an [ECO] in the Consolidated Book, the individual Customer orders will have priority.'' [13] In other words, the leg markets have first priority to trade against the incoming ECO if (i) there are no better priced ECOs in the Consolidated Book, (ii) the leg markets can trade in full or permissible ratio against an ECO and (iii) each leg contains Customer interest. Further, the current rule provides that leg markets that trade against an ECO, per Rule 980NY(c)(ii), are allocated pursuant to Rule 964NY.[14]

The Exchange proposes to revise the rule text describing execution of ECOs during Core Trading Hours in a manner that the Exchange believes would promote transparency regarding the processing of ECOs. The proposed rule text is not intended to change how the Exchange currently processes ECOs, which is described in the current rule, but rather to specify the order processing in a more logical manner. Specifically, the Exchange proposes to delete current paragraph (c)(ii)(A) of the Rule and replace it with proposed new paragraph (c)(ii).

Proposed Rule 980NY(c)(ii) would provide that the CME would accept an incoming marketable ECO and automatically execute it against the best-priced contra-side interest resting in the Consolidated Book.[15]

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[4] Per Rule 980NY, ''an 'Electronic Complex Order' means any Complex Order as defined in Rule 900.3NY(e) that is entered into the System.'' Rule 900.3NY defines Complex Order as ''any order involving the simultaneous purchase and/or sale of two or more different option series in the same underlying security, for the same account, in a ratio that is equal to or greater than one-to-three (.333) and less than or equal to three-to-one (3.00) and for the purpose of executing a particular investment strategy.''

[5] The Exchange notes that the proposed modifications to its COA are materially identical to changes recently approved on NYSE Arca Inc. (''NYSE Arca''), except that the Exchange's proposed changes account for the Exchange's Customer priority rules, whereas NYSE Arca's approved COA rules incorporate NYSE Arca's price-time priority rules. *See* Securities Exchange Act Release No. 80138 (March 1, 2017), 82 FR 12869 (March 7, 2017) (order granting accelerated approval of proposed rule change, as modified by Amendment Nos. 1 and 2, to amend NYSE Arca Rule 6.91) (the ''NYSE Arca Approval Order'').

[6] Core Trading Hours are the regular trading hours for business set forth in the rules of the primary markets underlying those option classes listed on the Exchange. *See* Rule 900.2NY(15).

[7] *See* Rule 980NY(a). The Exchange proposes to define ''leg markets'' in reference to individual quotes and orders in the Consolidated Book as used throughout the rule text and also proposes to capitalize the defined term ''System''. *See* proposed Rule 980NY(a); *see also* Rule 900.2NY(48) (defining the term System (or Exchange System) as ''the Exchange's electronic order delivery, execution and reporting system for designated option issues through which orders and quotes of Users are consolidated for execution and/or display. Market Makers must submit quotes to the System in their appointed classes electronically'').

[8] *See* Rule 964NY(b)(2)(A) (also providing that ''if there is more than one highest bid for a Customer account or more than one lowest offer for a Customer account, then such bids or offers, respectively, will be ranked based on time priority''); and Rule 964NY(b)(3) (setting forth pro rata allocation method).

[9] *See* Rule 980NY(b). The Exchange proposes a non-substantive amendment to add the term ''Electronic'' so that the rule text would read, ''Priority of Electronic Complex Orders in the Consolidated Book.''

[10] *See* Rule 980NY(c). The Rule also provides that ''[n]o leg of a [ECO] will be executed at a price outside the Exchange's best bid/offer for that leg.'' *See id.*

[11] *See* proposed Rule 980NY(c). Rule 980NY(c)(i) sets forth how ECOs are executed at the Open. The Exchange proposes a non-substantive amendment to add the term ''Electronic'' so that the rule text would read, ''Execution of Electronic Complex Orders at the Open.''

[12] *See* Rule 980NY(c)(ii)(A). The Exchange notes that when an ECO trades against individual quotes and orders in the leg markets this is commonly referred to as ''legging out.''

[13] *Id.*

[14] *Id. See* Rule 964NY(b)(2)(A) (Display, Priority and Order Allocation—Trading Systems) (also providing that ''if there is more than one highest bid for a Customer account or more than one lowest offer for a Customer account, then such bids or offers, respectively, will be ranked based on time priority'').

[15] *See* Rule 980NY(c)(ii)(A).

The proposed rule text would further specify that if, at a price, all the leg markets can trade against an incoming ECO in full (or in a permissible ratio), and each leg includes Customer interest, the leg markets would have first priority at that price to trade with the incoming ECO pursuant to Rule 964NY(b), to be followed by resting ECOs in price/time priority.[16] In this case, both Customer and non-Customer orders and quotes in the leg markets at that price would trade against the incoming ECO.[17] This proposed text, therefore, describes how an incoming marketable ECO would be allocated if resting ECOs and leg markets in the Consolidated Book are at the same price, *i.e.,* the priority of same-priced interest in the Consolidated Book.

As is currently the case, following any executions against the best-priced resting ECOs and/or against the leg markets, at a price, the ECO would then trade with ECOs resting in the Consolidated Book.[18] The Exchange believes that the proposed rule text provides clarity regarding processing of ECOs, and in particular, under what circumstances the leg markets would have first priority to execute against an incoming marketable ECO.

To distinguish the treatment during Core Trading of incoming marketable ECOs (that are immediately executed) from ECOs that are not marketable (and thus routed to the Consolidated Book), the Exchange proposes to renumber current Rule 980NY(c)(ii)(B) and (C), as proposed Rule 980NY(c)(iii)(A) and (B), under the new heading ''Electronic Complex Orders in the Consolidated Book.'' The Exchange also proposes language in Rule 980NY(c)(iii)(A) to make clear that an ECO, or portion thereof, that is not executed on arrival will be ranked in the Consolidated Book and that any incoming orders and quotes that can trade with a resting ECO would execute ''according to (c)(ii) above.'' [19] Finally, the Exchange proposes to clarify that orders that trade against ECOs in the Consolidated Book would be allocated pursuant to paragraph (b) of Rule 964NY (Priority and Allocation Procedures for Orders and Quotes with Size).[20] The Exchange believes that the proposed additional heading and re-numbering of the rule text provides clarity regarding the treatment of non-marketable—as opposed to marketable—ECOs, without altering the functionality described in rule.

Proposed Modifications to the Description of the COA Process

The Exchange proposes to modify its description of the COA Process and the execution of COA-eligible orders, which the Exchange believes would provide additional specificity and transparency to Exchange rules.[21] The Exchange is not proposing to modify the functionality of COA. Because of the number of modifications that the Exchange proposes to current paragraph (e), the Exchange proposes to delete paragraph (e) of the Rule in its entirety and replace it with new Rule 980NY(e), which the Exchange believes more clearly, accurately and logically describes the COA Process. Proposed Rules 980NY(e)(1)–(7) would describe the COA Process.

Execution of COA-Eligible Orders, Initiation of COAs and RFR Responses

Proposed Rule 980NY(e) would provide that, upon entry into the System, ECOs may be immediately executed, in full (or in a permissible ratio) as provided in proposed paragraph (c)(ii), or may be subject to a COA as described in the Rule. This rule text is based on current Rule 980NY(e), which provides that COA-eligible orders, upon entry into the System, ''may be subject to an automated request for responses (''RFR'') auction.'' [22] The current rule text is silent as to the factors involved in whether and when an incoming COA-eligible order may trigger a COA. As discussed below, proposed Rules 980NY(e)(2) and (e)(3) would address when an incoming COA-eligible order would trigger a COA.

Proposed Rule 980NY(e)(1) would define the term ''COA-eligible order'' to mean an ECO that is entered in a class designated by the Exchange and is:

(i) Designated by the ATP Holder as COA-eligible; and

(ii) received during Core Trading Hours.[23]

The proposed definition is based, in part, on the current Rule, which provides that whether an order is COA-eligible ''would be determined by the Exchange on a class-by-class basis'' [24] and that the ATP Holder must provide direction that an auction be initiated.[25] The Exchange believes that explicitly stating that an ECO would be COA-eligible only if received during Core Trading Hours would add clarity and transparency. The Exchange proposes to eliminate from the current definition (set forth in Rule 980NY(e)(1)) features of ECOs that are not determinative of COA eligibility on the Exchange, such as the ''size, number of series, and complex order origin types (*i.e.,* Customers, broker-dealers that are not Market-Makers or specialists on an options exchange, and/or Market-Makers or specialists on an options exchange).'' The Exchange is also not including language from current Rule 980NY(e)(1) that provides that ECOs ''processed through the COA Process may be executed without consideration to prices of the same complex orders that might be available on other exchanges,'' as paragraph (c) of the Rule includes this provision. Finally, the Exchange proposes to remove an ECO's ''marketability (defined as a number of ticks away from the current market)'' as a requirement for COA-eligibility and to instead include this requirement in proposed paragraph (e)(3) regarding whether a COA-eligible order would actually trigger (as opposed to be *eligible* to trigger) a COA, as discussed below.

Proposed Rule 980NY(e)(2) would add new rule text describing the ''Immediate Execution of COA-eligible orders.'' The proposed text would clearly state that, upon entry of a COA-eligible order into the System, it would trade immediately, in full (or in a permissible ratio), with any ECOs resting in the Consolidated Book that are priced better than the contra-side Complex BBO and, if not all legs include Customer interest, with any ECOs resting in the Consolidated Book priced equal to the contra-side Complex BBO.[26] The proposed paragraph would further specify that any portion of the COA-eligible order that does not trade immediately upon entry may start a

[16] *See id. See also* Rule 980NY(b).

[17] *See* proposed Rule 980NY(ii) (sic) (also providing that the allocation of the orders or quotes in the leg markets would be allocated against the ECO in accordance with Rule 964NY(b)).

[18] *See id.*

[19] *See* proposed Rule 980NY(c)(iii)(A). Consistent with the proposed change to define ''leg markets'' in Rule 980NY(a), the Exchange proposes to replace ''bids and offers in the leg markets'' with ''leg markets'' in the proposed Rule. *See id.*

[20] *See* proposed Rule 980NY(c)(iii)(B).

[21] To the extent that the proposed streamlined rule text mirrors existing language, the Exchange cites the relevant section of both the proposed and existing rule. *See also* NYSE Arca Approval Order, *supra* note 5 (the proposed modifications to the COA mirror recently approved changes on the NYSE Arca options exchange).

[22] The Exchange describes the Request for Response or ''RFR'' in connection with a COA in new paragraph (e)(3) to Rule 980NY.

[23] *See* proposed Rule 980NY(e)(1).

[24] *See* Rule 980NY(e)(1). At this time, the Exchange allows COA-eligible orders to be entered in every class.

[25] *See* Rule 980NY(e)(2) (requiring that an ATP Holder mark an ECO for auction in order for a COA to be conducted).

[26] *See* Rule 900.2NY(7)(b) (defining Complex BBO as ''the BBO for a given complex order strategy as derived from the best bid on OX and best offer on OX for each individual component series of a Complex Order'').

COA, subject to the conditions set forth in proposed paragraph (e)(3).

The Exchange believes that the proposed rule text promotes transparency regarding when a COA-eligible order would receive an immediate execution (*i.e.,* when it can receive price improvement from resting ECOs) versus being subject to a COA. The immediate price improvement opportunity for an incoming COA-eligible order from resting ECOs in the Consolidated Book may obviate the need to start a COA, which is why incoming orders first trade against price-improving interest in the Consolidated Book before initiating a COA.

Proposed Rule 980NY(e)(3) would specify the conditions required for the ''Initiation of a COA'' and, if those conditions are met, how a COA would be initiated. As proposed, and consistent with current functionality, for any portion of a COA-eligible order not executed immediately under proposed Rule 980NY(e)(2), the Exchange would initiate a COA based on the limit price of the COA-eligible order and the ''marketability'' of the order as discussed below.

• First, as set forth in proposed Rule 980NY(e)(3)(i), the limit price of the COA-eligible order to buy (sell) would have to be higher (lower) than the best-priced, same-side interest in both the leg markets and any ECOs resting in the Consolidated Book. In other words, the limit price of the COA-eligible order would have to improve the current same-side market.

• Second, as set forth in proposed Rule 980NY(e)(3)(ii), the COA-eligible order would have to be priced within a given number of ticks away from the current, contra-side market, as determined by the Exchange. This concept is based on current Rule 980NY(e)(1), which defines the ''marketability'' of a COA-eligible order as being ''a number of ticks away from the current market.'' Because a COA-eligible order may be a certain number of ticks away from the current market, a COA could be initiated even if the limit price of the COA-eligible order is not at or within the Exchange best bid/offer for each leg of the order. However, a COA-eligible order must trade at a price that is at or within the Exchange best bid/offer for each leg of the order, consistent with Rule 980NY(c) regarding the execution of ECOs in general.

The Exchange also proposes to make clear that a COA-eligible order would reside on the Consolidated Book until it meets the requirements of proposed paragraph (e)(3)(i)–(ii) and can initiate a COA.[27] Proposed Rule 980NY(e)(3) further provides that the Exchange would initiate a COA by sending a Request for Response (''RFR'') message to all ATP Holders that subscribe to RFR messages.[28] This requirement is based on the first sentence of current Rule 980NY(e)(2). Proposed Rule 980NY(e)(3) would further provide that RFR messages would identify the component series, the size and side of the market of the order and any contingencies, which is based on the second sentence of current Rule 980NY(e)(2) without any changes. In addition, proposed Rule 980NY(e)(3) would include new rule text to specify that only one COA may be conducted at a time in any given complex order strategy, which is not explicitly stated in the current rule.[29] Finally, proposed Rule 980NY(e)(3) would specify that, at the time the COA is initiated, the Exchange would record the Complex BBO (the ''initial Complex BBO'') for purposes of determining whether the COA should end early pursuant to proposed paragraph (e)(6) of this Rule (discussed below). This is new rule text that is consistent with current functionality that ensures the COA respects the leg markets as well as principles of price/time priority.[30]

Proposed Rule 980NY(e)(4) would define the term Response Time Interval (''RTI'') as the period of time during which responses to the RFR may be entered. As further proposed, the Exchange would determine the length of the RTI; provided, however, that the duration would not be less than 500 milliseconds and would not exceed one (1) second. This rule text is based on current Rule 980NY(e)(3) insofar as it defines the RTI and the duration of the RTI, with the non-substantive modification to replace reference to ''shall'' with reference to ''will.''

Proposed Rule 980NY(e)(4) would also include new rule text providing that, at the end of the RTI, the COA-eligible order would be allocated pursuant to proposed Rule 980NY(e)(7), which describes the allocation of COA-eligible orders (hereinafter ''COA Order Allocation'') (described below). This proposed new rule text is based in part on current Rule 980NY(e)(5), which provides that at the expiration of the RTI, COA-eligible orders may be executed, in whole or in part, pursuant to Rule 980NY(e)(6) (Execution of COA-eligible orders). The proposed rule text refers instead to Rule 980NY(e)(7), which incorporates the order allocation concepts currently set forth in Rule 980NY(e)(6). The proposed change is intended to add clarity and transparency to the COA Process.

Proposed Rule 980NY(e)(5) would provide that any ATP Holder may submit responses to the RFR message (''RFR Responses'') during the RTI.[31] This rule text is based on the first sentence of current Rule 980NY(e)(4) without any changes. Proposed Rule 980NY(e)(5)(A)–(C) would provide additional specificity regarding RFR Responses.

• Proposed Rule 980NY(e)(5)(A) would provide that RFR Responses are ECOs that have a time-in-force contingency for the duration of the COA, must specify the price, size, and side of the market, and may be submitted in $0.01 increments. This rule text is based in part on the first sentence of Rule 980NY(e)(4), which provides that RFR Responses may be submitted in $.01 increments. Proposed Rule 980NY(e)(5)(A) is based in part on the second to last sentence of current Rule 980NY(e)(7), which provides that RFR Responses expire at the end of the RTI, which is the same in substance as saying that an RFR Response has a time-in-force condition for the duration of the COA. The Exchange believes its proposed rule text is more accurate because it states that RFR Responses are valid for the duration of the COA, as opposed to the RTI, the latter being the period during which COA interest (including RFR Responses and incoming ECOs) is received and the former being the overall COA Process that allocates COA-eligible orders with the best-priced auction interest, including RFR Responses.

• Proposed Rule 980NY(e)(5)(B) would provide that RFR Responses must be on the opposite side of the COA-eligible order and any RFR Responses on the same side of the COA-eligible order would be rejected. This proposed rule text is based on the last sentence of current Rule 980NY(e)(4), which provides that RFR Responses must be on the opposite side of the COA-eligible order and any same-side RFR responses would be rejected by the Exchange, without any substantive changes.

• Proposed Rule 980NY(e)(5)(C) would provide that RFR Responses may be modified or cancelled during the RTI,

[27] *See* proposed Rule 980NY(e)(3).

[28] *See id.*

[29] The Exchange believes this can be inferred from the text describing the impact of COA-eligible orders that arrive during a COA in progress. *See, e.g.,* Rule 980NY(e)(8). Proposed Rule 980NY(e)(6), described below, provides specificity of when a COA may terminate early and when a subsequent COA may be initiated.

[30] *See* proposed Rule 980NY(c)(ii) (leg markets have priority at a price).

[31] ATPs Holders can submit RFR Responses on behalf of Customers.

would not be ranked or displayed in the Consolidated Book, and would expire at the end of the COA. The proposed text stating that RFR Responses may be modified or cancelled during the RTI is new rule text based in part on current Rule 980NY(e)(7), which provides that RFR Responses can be modified but may not be withdrawn at any time prior to the end of the RTI. The Exchange proposes to specify that an RFR Response may be modified or cancelled during the RTI, which is current functionality. The proposed text stating that RFR Responses expire at the end of the COA make clear when RFR Responses are ''firm'' and thus obviate the need for current Rule 980NY(e)(7).[32] The proposed text of Rule 980NY(e)(5)(C) stating that RFR Responses would not be ranked or displayed in the Consolidated Book is based on the last sentence of current Rule 980NY(e)(7) without any changes.

The Exchange believes that the proposed Rules 980NY(e)(5), which reorganizes information from existing rule text and adds language to describe the requisite characteristics and behavior of an RFR Response, adds clarity and transparency to Exchange rules, including that, like all orders, an RFR Response may be modified or cancelled prior to the end of the RTI. The Exchange believes that specifying that RFR Reponses are good for the duration of the COA and may trade with interest received during the COA before expiring would encourage participation in the COA and would maximize the number of contracts traded.

Impact of ECOs, COA-Eligible Orders and Updated Leg Markets on COA in Progress

Proposed Rule 980NY(e)(6) would describe the impact of ECOs, COA-eligible orders, and updates to the leg markets that arrived during an RTI of a COA. This proposed rule text would replace current Rule 980NY(e)(8). The Exchange believes that, because proposed Rule 980NY(e)(6) would establish what happens to a COA (*i.e.,* whether it will end early) before the COA-eligible order is allocated, it would be more logical to describe these processes before the rule describes how COA-eligible orders are allocated, which would be set forth in proposed Rule 980NY(c)(7). In addition, the Exchange proposes to add headings (*see* proposed Rule 980NY(e)(6)(A)–(C)) to make clear which type of incoming interest is being described.

Proposed Rule 980NY(e)(6)(A) would describe the impact on a COA of incoming ECOs or COA-eligible orders on the opposite-side of the market as the initiating COA-eligible order. The current rule addresses the impact of opposite-side, incoming ECOs on a COA,[33] but does not address the impact of opposite-side incoming COA-eligible orders. Accordingly, proposed paragraph (A) of Rule 980NY(e)(6) would be new rule text. The Exchange notes that the impact of an incoming COA-eligible order mirrors that of an incoming ECO in the scenarios covered in proposed Rules 980NY(e)(6)(A)(i)–(iii) (discussed below), which adds internal consistency and specificity to Exchange rules.[34]

- Proposed Rule 980NY(e)(6)(A)(i) would provide that incoming ECOs or COA-eligible orders that lock or cross the initial Complex BBO would cause the COA to end early. The concept of the initial Complex BBO as a benchmark against which incoming opposite-side interest would be measured is new rule text, but is consistent with current functionality. As noted above (*see supra* note 26), the initial Complex BBO is the BBO for a given complex order strategy as derived from the Best Bid (''BB'') and Best Offer (''BO'') for each individual component series of a Complex Order as recorded at the start of the RTI. Proposed Rule 980NY(e)(6)(A)(i) would further provide that if such incoming ECO or COA-eligible order is also executable against the limit price of the initiating COA-eligible order, it would be ranked with RFR Responses to trade with the initiating COA-eligible order. The Exchange believes that addressing this scenario would better enable market participants to understand how their ECOs, including COA-eligible orders, may be treated, and the proposed change therefore is designed to add clarity and transparency to Exchange rules.

The proposed rule text relating to how an incoming opposite-side ECO or COA-eligible order would be processed is based on current Rule 980NY(e)(8)(A), which provides that incoming ECOs received during the RTI ''that are on the opposite side of the market and marketable against the limit price of the initiating COA-eligible order will be ranked and executed in price time with RFR Responses.'' [35] The proposed rule text would also include opposite-side COA-eligible orders.[36] The proposed rule text also does not include reference to ''account type,'' or ''price time,'' as the COA-eligible order would interact with the best-priced contra-side interest received during the RTI, per proposed paragraph (e)(7) of this Rule.[37]

- Proposed Rule 980NY(e)(6)(A)(ii) would provide that incoming ECOs or COA-eligible orders that are executable against the limit price of the initiating COA-eligible order, but do not lock or cross the initial Complex BBO, would not cause the COA to end early and would be ranked with RFR Responses to trade with the initiating COA-eligible order. This proposed paragraph specifies that the COA would continue uninterrupted by such incoming orders because such interest does not impact priority (because the incoming order isn't priced better than the leg markets at the start of the COA). The incoming order, however, would be eligible to participate in the COA. This proposed text would be new rule text, which reflects current functionality that is based on the principles set forth in current Rule 980NY(e)(8)(A).
- Proposed Rule 980NY(e)(6)(A)(iii) would provide that incoming ECOs or COA-eligible orders that are either not executable on arrival against the limit price of the initiating COA-eligible order or do not lock or cross the initial Complex BBO would not cause the COA to end early. Per this proposed paragraph, the COA would proceed uninterrupted as the incoming interest does not trigger priority concerns (*i.e.,* does not lock or cross the initial Complex BBO) nor can the interest participate in the COA (*i.e.,* because it is not executable against the initiating COA-eligible order). This would be new rule text, which reflects current functionality.
- Proposed Rule 980NY(e)(6)(A)(iv) would provide that any incoming ECO(s), or the balance thereof, that was not executed with the initiating COA-eligible order or was not executable on arrival would trade pursuant to proposed paragraph (c)(ii) or (iii) of this Rule (*i.e.,* Core Trading Allocation). This proposed rule text is based on the last sentence of current Rule

[32] Rule 980NY(e)(7) sets forth the Firm Quote Requirements for COA-eligible orders.

[33] *See* Rule 980NY(e)(8)(A) (providing that ''[i]ncoming Electronic Complex orders received during the Response Time Interval that are on the opposite side of the market and marketable against the limit price of the initiating COA-eligible order will be ranked and executed in price time with RFR Responses by account type (as described in (6) above). Any remaining balance of either the initiating COA-eligible order or the incoming Electronic Complex order will be placed in the Consolidated Book and ranked as described in (b) above'').

[34] The different treatment of the balance of the incoming order, depending on whether it is an ECO or a COA-eligible order is covered in proposed rules Rule 980NY(e)(6)(A)(iv) and (v), respectively.

[35] *See* Rule 980NY(e)(8)(A).

[36] *See* proposed Rule 980NY(e)(6)(A)(i).

[37] *See id. See* proposed Rule 980NY(e)(7). *See also* discussion of ''COA Order Allocation'' below.

980NY(e)(8)(A), regarding ECOs, but provides additional detail regarding the ability for any balance on the incoming ECO to trade with the best-priced, resting contra-side interest before (or instead of) being ranked in the Consolidated Book, which is consistent with the Exchange's processing of incoming ECOs.

• Proposed Rule 980NY(e)(6)(A)(v) would provide that any incoming COA-eligible order(s), or the balance thereof, that was not executed with the initiating COA-eligible order or was not executable on arrival would initiate subsequent COA(s) in price-time priority. Because the treatment of opposite-side COA-eligible orders is not described in the current rule, this would be new rule text. Unlike the treatment of incoming opposite-side ECOs—where any remaining balance of the ECOs would be subject to Core Trading Allocation or would be posted to the Consolidated Book after trading with the initiating COA-eligible order—any balance of the incoming contra-side COA-eligible order that does not trade with the initiating COA-eligible order would initiate a new COA.

The Exchange believes that proposed Rule 980NY(e)(6)(A)(i)–(v) would provide additional specificity regarding the impact of opposite-side ECOs or COA-eligible orders on the COA Process, which adds transparency to Exchange rules. Specifically, the Exchange believes that providing for a COA to terminate early when an incoming order locks or crosses the initial Complex BBO, as proposed, would allow an initiating COA-eligible order to trade (ahead of the incoming order) against any RFR Responses or ECOs received during the RTI up until that point, while preserving the priority of the incoming order to trade with the resting leg markets. If no RFRs had been received during the RTI, the initiating COA-eligible order would trade against the best-priced, contra side interest, including the order the caused the COA to terminate early. The Exchange believes that early conclusion of the COA would avoid disturbing priority in the Consolidated Book and would allow the Exchange to appropriately handle incoming orders. The proposed rule text is consistent with the processing of ECOs during Core Trading and ensures that the leg markets respect the COA as well as principles of price/time priority.[38] Moreover, the Exchange believes that the proposed impact of incoming COA-eligible orders aligns with the treatment of incoming ECOs, which adds internal consistency to Exchange rules, and affords additional opportunities for price improvement to the initiating COA-eligible order, which may trade with the opposite-side order(s).

The Exchange proposes to process any remaining balance of COA-eligible orders differently from any balance of the incoming ECO because an ECO would either trade against resting interest or be ranked with ECOs in the Consolidated Book, whereas any balance of a COA-eligible order would initiate a new COA. The Exchange believes that this proposed rule text, which is consistent with current functionality, maximizes the execution opportunities to the incoming order(s), as these orders may trade with interest received in the (initiating) COA; and, for the incoming COA-eligible order, the potential for additional price improvement in a subsequent COA.

Proposed Rule 980NY(e)(6)(B) would describe the impact of incoming ECOs or COA-eligible orders on the same side of the market as the initiating COA-eligible order on a COA. The current rule addresses the impact of same-side, incoming COA-eligible orders on a COA,[39] but does not address the impact of same-side ECOs. Accordingly, the inclusion of ECOs in the proposed rule would be new text. The impact of an incoming ECO mirrors that of an incoming COA-eligible order in the scenarios covered in proposed Rule (e)(6)(B)(i)–(iv) (discussed below), which adds internal consistency and specificity to Exchange rules.[40] Proposed Rule 980NY(e)(6)(B) would make clear that regardless of whether a COA ends early or at the end of the (uninterrupted) RTI, the initiating COA-eligible order would be executed pursuant to paragraph (e)(7) of this Rule ahead of any interest that arrived during the COA.[41]

• Proposed Rule 980NY(e)(6)(B)(i) would provide that incoming ECOs or COA-eligible orders that are priced better than the initiating COA-eligible order would cause the COA to end.[42] This proposed rule text is based in part on current Rule 980NY(e)(8)(D), which provides that better-priced incoming COA-eligible orders that arrive during the RTI will cause a COA to end.[43]

• Proposed Rule 980NY(e)(6)(B)(ii) would provide that an incoming ECO or COA-eligible order that is priced equal to or worse than the initiating COA-eligible order,[44] and also locks or crosses the contra-side initial Complex BBO, would cause the COA to end early. The proposed rule is based in part on current Rules 980NY(e)(8)(B) and (C), which describe how the Exchange processes COA-eligible orders that are received during a COA that are on the same side of the market of the initiating COA and priced equal to or worse than the initiating COA.[45] However, the current rule does not specify that a COA would terminate early when an incoming ECO locks or crosses the contra-side initial Complex BBO. Therefore, the inclusion of ECOs would be new rule text.

• Proposed Rule 980NY(e)(6)(B)(iii) would provide that incoming ECOs or COA-eligible orders that are priced equal to or worse than the initiating COA-eligible order,[46] but do not lock or cross the contra-side Complex BBO, would not cause the COA to end early. Proposed Rule 980NY(e)(6)(B)(i) is based on current Rules 980NY(e)(8)(B) and (C), which describe how the Exchange processes COA-eligible orders that are received during a COA that are on the same side of the market as the initiating COA-eligible order and priced equal to or worse than the initiating COA-eligible order. However, the current rule does not address whether the incoming orders lock or cross the contra-side initial Complex BBO. The Exchange believes the additional detail promotes internal consistency regarding how the COA process and how it intersects with the price/time priority of the initial Complex BBO.

The Exchange notes that current Rules 980NY(e)(8)(B) and (C) state that an incoming same-side COA-eligible order (priced equal to or worse than the initiating order) joins a COA in progress and is executed in price/time with the

[38] *See* proposed Rule 980NY(c)(ii) (leg markets have priority at a price).

[39] *See* Rule 980NY(e)(8)(B)–(C) (addressing the impact of same-side incoming COA-eligible orders on a COA).

[40] The Exchange notes that the different treatment of the balance of the incoming order, depending on whether it is an ECO or a COA-eligible order, is covered in proposed paragraphs (v) and (vi), respectively, of Rule 980NY(e)(6)(B).

[41] *See* proposed Rule 980NY(e)(6)(B).

[42] An incoming ECO or COA-eligible order priced ''better than'' the COA-eligible order means it is priced higher (lower) than the initiating COA-eligible order to buy (sell). *See* proposed Rule 980NY(e)(6)(B)(ii).

[43] *See* Rule 980NY(e)(8)(D) (providing, in part, that ''[i]ncoming COA-eligible orders received during the Response Time Interval for the original COA-eligible order that are on the same side of the market and that are priced better than the initiating order will cause the auction to end'').

[44] An incoming ECO or COA-eligible order priced ''worse than'' the COA-eligible order means it is priced lower (higher) than the initiating COA-eligible order to buy (sell). *See* proposed Rule 980NY(e)(6)(B)(ii).

[45] *See* Rule 980NY(e)(8)(B)–(C), *supra* note 39.

[46] An incoming ECO or COA-eligible order priced ''worse than'' the COA-eligible order means it is priced lower (higher) than the initiating COA-eligible order to buy (sell). *See* proposed Rule 980NY(e)(6)(B)(iii).

COA-eligible order, with any balance placed in the Consolidated Book pursuant to paragraph (b).[47] The proposed rule text would clarify how such incoming COA-eligible orders would be processed. Specifically, the Exchange proposes to clarify how such incoming COA-eligible orders (as well as ECOs) would be processed, including any remaining balance thereof, in proposed paragraphs (e)(6)(B)(iv)–(vi) of the Rule, discussed below.[48]

• Proposed Rule 980NY(e)(6)(B)(iv) would provide that any incoming ECO or COA-eligible order that caused a COA to end early, if executable, would trade against any RFR Responses or ECOs that did not trade with the initiating COA-eligible order. This proposed paragraph reflects current functionality and is based on current Rule 980NY(e)(8)(D) inasmuch as it addresses incoming same-side COA-eligible orders that cause the COA to end early.

• Proposed Rule 980NY(e)(6)(B)(v) would provide that incoming ECOs, or any remaining balance per proposed paragraph (iv) above, that do not trade against any remaining RFR Responses or ECOs received during the RTI would trade pursuant to Core Trading Allocation, pursuant to paragraph (c)(ii) or (iii) of this Rule. This proposed rule text is consistent with the treatment of the balance of incoming same-side ECOs set forth in current Rule 980NY(e)(8)(A)–(C), with the added detail that the ECO would first be subject to Core Trading Allocation pursuant to proposed Rule 980NY(c)(ii) before being ranked in the Consolidated Book.

• Proposed Rule 980NY(e)(6)(B)(vi) would provide that the remaining balance of any incoming COA-eligible order(s) that does not trade against any remaining RFR Responses or ECOs received during the RTI would initiate new COA(s) in price-time priority. This proposed rule text is based in part on current Rule 980NY(e)(8)(D), which provides that any unexecuted portion of the incoming COA-eligible would initiate a new COA.[49]

The Exchange believes that proposed Rules 980NY(e)(6)(B)(i)–(vi) would provide greater specificity regarding the impact of arriving same-side COA-eligible orders and ECOs on a COA, which adds internal consistency, clarity and transparency to Exchange rules. Specifically, the Exchange believes that providing for a COA to terminate early under the circumstances specified in proposed Rules 980NY(e)(6)(B)(i) and (ii) would allow a COA-eligible order to trade (ahead of the incoming order) against any RFR Responses or ECOs received during the RTI up until that point, while preserving the priority of the incoming order to trade with the resting leg markets. The Exchange believes that early conclusion in this circumstance would ensure that the COA interacts seamlessly with the Consolidated Book so as not to disturb the priority of orders on the Book.

The proposed rule text is consistent with the processing of ECOs during Core Trading and ensures that the COA respects the leg markets as well as principles of price/time priority.[50] In addition, the proposed rule would provide greater specificity that the incoming COA-eligible order or ECO would, if executable, trade against any remaining RFR Responses and/or ECOs received during the RTI, which allows the incoming orders opportunities for price improvement. The proposed rule would also make clear that any remaining balance of the incoming COA-eligible order would then initiate a new COA. The Exchange believes that these proposed changes maximize the execution opportunities to the incoming order(s), with potential price improvement, as these orders may trade with interest received in the (original) COA; and, for the incoming COA-eligible order, the potential for additional price improvement in a subsequent COA.

Proposed Rule 980NY(e)(6)(C): Would describe the impact of new individual quotes or orders (*i.e.,* updates to the leg markets) during the RTI on the same or opposite side of the initiating COA-eligible order. In each event described below, regardless of whether the COA ends early, the COA-eligible order would trade pursuant to proposed Rule 980NY(e)(7) (described below). In addition, consistent with Core Trading Allocation, the updated leg markets would trade pursuant to proposed paragraph (c)(ii) of this Rule.[51]

• Proposed Rule 980NY(e)(6)(C)(i) would provide that updates to the leg markets that would cause the same-side Complex BBO to lock or cross any RFR Response(s) and/or ECO(s) received during the RTI, or any ECOs resting in the Consolidated Book, would cause the COA to end early. The Exchange believes that providing for a COA to terminate early when the leg markets update in this manner would allow a COA-eligible order to trade against any RFR Responses or ECOs received during the RTI up until that point, while preserving the priority of the updated leg markets to trade with any eligible contra-side interest, including any ECOs resting in the Consolidated Book.

• Proposed Rule 980NY(e)(6)(C)(ii) would provide that updates to the leg markets that would cause the same-side Complex BBO to be priced better than the COA-eligible order,[52] but do not lock or cross any RFR Responses and/or ECOs received during the RTI or any ECOs resting in the Consolidated Book would not cause the COA to end early.

• Proposed Rule 980NY(e)(6)(C)(iii) would provide that updates to the leg markets that would cause the contra-side Complex BBO to lock or cross the same-side initial Complex BBO would cause the COA to end early.

• Proposed Rule 980NY(e)(6)(C)(iv) would provide that updates to the leg markets that would cause the contra-side Complex BB (BO) to improve (*i.e.,* become higher (lower)), but not lock or cross the same-side initial Complex BBO, would not cause the COA to end early.

The Exchange believes that proposed paragraphs (e)(6)(C)(i)–(iv) of Rule 980NY respect the COA process, while at the same time ensuring a fair and orderly market by maintaining the priority of quotes and orders on the Consolidated Book as they update. The proposed rule is based in part on Rule

[47] *See* Rule 980NY(e)(8)(B) and (C) (providing, in part, that ''[i]ncoming COA-eligible orders received during the [RTI] for the original COA-eligible order that are on the same side of the market, that are priced [equal to or worse] than the initiating order, will join the COA'').

[48] *See, e.g.,* proposed Rule 980NY(e)(6)(B)(iv),(vi) (providing that, rather than joining the COA, these incoming COA-eligible orders may trade with RFR Responses or ECOs that don't execute in the COA and, if any balance remains still, would initiate a new COA—but would not execute during the COA in progress as the current rule suggests).

[49] *See* Rule 980NY(e)(8)(D) (providing, in part, that ''[t]he COA-eligible order that caused the auction to end will if marketable, initiate another COA''). *See supra* note 47 (noting inaccuracy in current rule, which provides that incoming COA-eligible orders would execute during the COA in progress).

[50] *See* proposed Rule 980NY(c)(ii) (leg markets have priority at a price).

[51] *See* proposed Rule 980NY(e)(6)(C).

[52] Individual orders and quotes cause the same-side Complex BBO to be ''better'' than the COA-eligible order if they cause the Complex BBO to be higher (lower) than the COA-eligible order to buy (sell). *See* proposed Rule 980NY(e)(6)(C)(i).

980NY(e)(9)(A) [53] and (B),[54] which address the impact of updates to the leg markets on a COA. However, the current rule text does not specify on which side of the market the leg markets have updated. The Exchange proposes to include this detail in the new rule text for additional clarity and transparency. In addition, the current rule text uses the term ''derived Complex BBO,'' which is not a defined term. In the proposed rule, the Exchange proposes to use the term Complex BBO, which is a defined term.[55] The Exchange further believes this proposed rule text promotes transparency and clarity to Exchange rules.

COA Order Allocation

Current Rules 980NY(e)(6)(A)–(D) set forth how a COA-eligible order trades against same-priced contra-side interest (*i.e.,* at the same net price) after trading against any better-priced contra-side interest. In short, current Rule 980NY(e)(6) provides that COA-eligible orders will be executed against the best priced contra-side interest. The rule further provides that at the same net price, the order will be allocated as provided for in Rules 980NY(e)(6)(A)–(D). Current Rule 980NY(e)(6)(A) provides that individual orders and quotes in the leg markets resting in the Consolidated Book prior to the initiation of a COA have first priority to trade against a COA-eligible order, provided the COA-eligible order can be executed in full (or in a permissible ratio), on a price/time basis pursuant to Rule 964NY.[56] Current Rules 980NY(e)(6)(B) and (C) provide that Customer ECOs resting in the Consolidated Book before, or that are received during, the RTI, and Customer RFR Responses shall, collectively have second priority to trade against a COA-eligible order followed by resting non-Customer ECOs, those received during the RTI, and non-Customer RFR Responses, which would have third priority.[57] Pursuant to the current Rule, the allocation of a COA-eligible order against these Customer and non-Customer ECOs and RFR Responses shall be on a Size Pro Rata basis as defined in Rule 964NY(b)(3).[58] Finally, current Rule 980NY(e)(6)(D) provides that individual orders and quotes in the leg markets that cause the derived Complex BBO to be improved during the COA and match the best RFR Response and/or ECOs received during the RTI will be filled after ECOs and RFR Responses at the same net price pursuant to Rule 964NY.[59]

The Exchange proposes to clarify and update the rule text describing the priority and allocation of COA-eligible orders during the COA process to remove references to Customer ECO priority, which is not the Exchange's allocation model, and instead reflect the Exchange's price-time priority model in proposed Rule 980NY(e)(7), under the heading ''Allocation of COA-Eligible Orders,'' which would replace current paragraph (e)(6) in its entirety. Proposed Rule 980NY(e)(7) would provide that when a COA ends early, or at the end of the RTI, a COA-eligible order would be executed against contra-side interest received during the COA as provided for in proposed Rules 980NY(e)(7)(A) and (B), and any unexecuted portion of the COA-eligible order would be ranked in the Consolidated Book pursuant to proposed Rule 980NY(b).

• Proposed Rule 980NY(e)(7)(A) would provide that RFR Responses and ECOs priced better than [60] the initial Complex BBO would be eligible to trade first with the COA-eligible order, beginning with the highest (lowest), at each price point, on a Size Pro Rata basis pursuant to Rule 964NY(b)(3). This proposed rule text is based in part on current Rule 980NY(e)(6), which provides that COA-eligible orders would be executed against the best priced contra side interest (which in this case, would be ECOs and RFR Responses) and current Rule 980NY(e)(6)(C), which provides that ECOs and RFR Responses are allocated on a Size Pro Rata basis. The Exchange believes this proposed change streamlines how the allocation process works, and clarifies that if ECOs and RFR Responses are the best-priced interest, they would trade with the incoming COA-eligible order on a Size Pro Rata basis.

• Proposed Rule 980NY(e)(7)(B) provides that after COA allocations pursuant to paragraph (e)(7)(A) of this Rule, the COA-eligible order would trade with the best-priced contra-side interest pursuant to paragraph (c)(ii) or (iii) above. In other words, once the COA-eligible order has traded with any ECOs or RFR Responses priced better than the initial Complex BBO (*i.e.,* any price-improving interest to arrive during the RTI), the initiating COA-eligible order would follow regular allocation rules for an incoming marketable ECO. The Exchange believes this change makes clear that a COA-eligible order would only trade against the leg markets after any auction allocations have been made. This rule text is based in part on current Rule 980NY(e)(6)(A), which provides that if the COA-eligible order can be executed in full (or a permissible ratio) by the orders and quotes in the Consolidated Book, they will be allocated pursuant to Rule 964NY. Because this allocation is identical to how a regular marketable ECO would be allocated, the Exchange believes it would streamline the rule to provide a cross reference to proposed Rule 980NY(c)(ii) instead of Rule 964NY.

Commentary .02 to Rule 980NY

Finally, consistent with the foregoing proposed changes regarding priority of ECOs during Core Trading and during a COA, the Exchange proposes to modify Commentary .02 to the Rule, which also addresses the priority of ECOs. The current Commentary .02 provides, in relevant part, that ''when executing an [ECO] the price of at least one leg of the order must'' trade at a better price as specified in subparagraphs (i) and (ii). The Exchange proposes to make clear that requisite price improvement on at least one leg of the ECO applies ''where *all* legs that comprise the complex order contain Customer interest.'' [61] Similarly,

[53] *See* Rule 980NY(e)(9)(A) (providing that ''[i]ndividual orders and quotes that are entered into the leg markets that cause the derived Complex Best Bid/Offer to be better than the COA-eligible order and to cross the best priced RFR Response will cause the auction to terminate, and individual orders and quotes in the leg markets will be allocated pursuant to (c)(i) above and matched against Electronic Complex Orders and RFR Responses in price time priority pursuant to (6) above. The initiating COA-eligible order will be matched and executed against any remaining unexecuted Electronic Complex Orders and RFR Responses pursuant to (6) above''). The Exchange also notes that proposed Rule 980NY(e)(6)(C)(i) clarifies that the Complex BBO in question is the same-side Complex BBO, as the current rule text is silent in this regard, which adds clarity and transparency to Exchange rules.

[54] *See* Rule 980NY(e)(9)(B) (providing that ''[i]ndividual orders and quotes that are entered into the leg markets that cause the derived Complex Best Bid/Offer to cross the price of the COA-eligible order will cause the auction to terminate, and individual orders and quotes in the leg markets will be allocated pursuant to (c)(i) above and matched against Electronic Complex Orders and RFR Responses in price time priority pursuant to (6) above.''). The Exchange also notes that proposed paragraph (e)(6)(C)(ii) clarifies that the Complex BBO in question is the contra-side Complex BBO, as the current rule text is silent in this regard, which adds clarity and transparency to Exchange rules.

[55] *See supra* note 26. The Exchange notes that the word ''derived'' is no longer needed as it is encompassed in the definition of Complex BBO. *See id.*

[56] *See* Rule 980NY(e)(6)(A).

[57] *See* Rule 980NY(e)(6)(B) and (C).

[58] *See id.*

[59] *See* Rule 980NY(e)(6)(D).

[60] To qualify as ''better than,'' RFR Responses and ECOs to buy (sell) would need to be priced higher (lower) than the initial Complex BBO. *See* proposed Rule 980NY(e)(7)(A).

[61] *See* proposed Commentary .02 to Rule 980NY (providing, in relevant part, that ''when executing an [ECO] where all legs that comprise the complex order contain Customer interest, the price of at least one leg of the order must . . .''). The Exchange also proposes to correct a typo by replacing the semi-

the Exchange also proposes to modify sub-paragraph (ii) of Commentary .02 by replacing ''the'' with ''all'' to clarify that, if the class has been designated as eligible for COA, an incoming COA-eligible order must ''trade at a price that is better than the corresponding price of all customer bids or offers in the Consolidated Book for the same series, by at least one cent ($.01).'' [62] The Exchange believes these changes regarding the priority of ECOs add clarity and internal consistency to Exchange rules.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b)(5) of the Securities Exchange Act of 1934 (the ''Act''),[63] which requires the rules of an exchange to promote just and equitable principles of trade, 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.

Overall, the Exchange is proposing various changes that would promote just and equitable principles of trade, because ECOs, including COA-eligible orders, would be handled in a fair and orderly manner, as described above. The various modifications and clarifications, many of which are consistent with current functionality are intended to improve the rule overall by adding more specificity and transparency. The Exchange believes that the proposed rule changes would promote just and equitable principles of trade as well as protect investors and the public interest by making more clear how ECOs and COA-eligible orders are handled on the Exchange, both during Core Trading Hours and when there is a COA in progress. In particular, the proposed changes are intended to help ensure a fair and orderly market by maintaining price/priority of incoming ECOs (including COA-eligible orders) and updated leg markets. Similarly, the proposed changes are designed to promote just and equitable principles by seeking to execute as much interest as possible at the best possible price(s).

Execution of ECOs During Core Trading Hours

The Exchange believes that the proposed rule changes regarding Core Trading Order Allocation, which do not alter the substance of the rule but instead condense and streamline the rule text, would remove impediments to and perfect the mechanism of a free and open market and a national market system because the proposed changes are designed to protect investors and the public interest by making the Exchange's rules more clear, concise, transparent and internally consistent, which enhances the overall comprehensibility to investors without altering the operation of the rule. Specifically, the Exchange believes that, although it does not alter the substance of the rule, the proposed rule text regarding Core Trading Order Allocation provides additional specificity regarding processing of ECOs against same-priced contra-side interest and, in particular, under what circumstances the leg markets would have first priority to execute against an incoming marketable ECO. The Exchange believes this additional transparency, which makes the rule clearer and more complete for market participants, would encourage additional ECOs to be directed to the Exchange.

Proposed Modifications to COA Process

Overall, the Exchange believes that the proposed changes to the COA Process maximize execution opportunities for the initiating COA-eligible Order, RFR Responses and ECOs entered during the COA, and the leg markets at the best possible price consistent with the principles of price/time priority, which would remove impediments to and perfect the mechanism of a free and open market and a national market system because the proposed changes are designed to protect investors and the public interest.

Execution of COA-Eligible Orders, Initiation of COAs and RFR Responses

In particular, the proposed rule text promotes transparency regarding the definition of what constitutes a COA-eligible order and the circumstances under which an arriving COA-eligible order would receive an immediate execution (*i.e.,* when it can receive price improvement from resting ECOs) versus being subject to a COA. The proposed rule text is not intended to change how the Exchange currently processes ECOs, but rather to provide clarity regarding the processing of COA-eligible orders and whether such orders are subject to a COA. Specifically, the proposed changes would help ensure a fair and orderly market because this information adds clarity and transparency to the COA process and would allow market participants to be more informed about the COA process. Moreover, the proposed change maximizes the opportunities for price improvement for the entire COA-eligible order as it would first trade against any price-improving interest in the Consolidated Book, and, if any residual interest remains, the order would be subject to a COA. Further, the Exchange believes that the proposed rule text regarding the requisite characteristics and behavior of an RFR Response adds clarity and transparency to Exchange rules, including that, like all orders, an RFR Response may be modified or cancelled prior to the end of the RTI, which promotes just and equitable principles of trade. In addition, the Exchange believes that specifying that RFR Reponses are valid for the duration of the COA would encourage participation in the COA and would maximize the number of contracts traded, which benefits all market participants and protects investors and the investing public.

Impact of ECOs, COA-Eligible Orders and Updated Leg Markets on COA in Progress

Regarding interest that arrives during a COA in progress, the Exchange believes that the proposed rule text provides clarity regarding the impact of opposite- and same-side ECOs or COA-eligible orders on the COA Process, which promotes transparency and adds clarity to Exchange rules. Moreover, the Exchange notes that because the COA is intended to operate seamlessly with the Consolidated Book, the proposed changes would promote just and equitable principles of trade by providing price-improvement opportunities for COA-eligible orders while at the same time providing an opportunity for such orders to interact with orders or quotes received during the RTI, including incoming ECOs. In addition, the Exchange believes that this practice of honoring the updated leg markets would help ensure a fair and orderly market by maintaining the priority of quotes and orders on the Consolidated Book as they update. The Exchange believes that the proposed changes to the COA would increase the number of options orders that are provided with the opportunity to receive price improvement.

The Exchange also believes that the proposed modification regarding when the balance of an initiating (or incoming) COA-eligible order would

colon that appears at the end of this clause with a colon.

[62] *See* proposed Commentary .02(ii) to Rule 980NY; *see also* Commentary .02(i) to Rule 980NY (which similarly provides that ECOs must ''trade at a price that is better than the corresponding price of *all* customer bids or offers in the Consolidated Book for the same series, by at least one standard trading increment as defined in Rule 960NY'' (emphasis added).

[63] 15 U.S.C. 78f(b).

initiate a new COA (as opposed to being posted to the Consolidated Book) is likewise consistent with the Act because it would remove impediments to and perfect the mechanism of a free and open market and a national market system clarifying the rule text to the benefit of market participants, particularly those interested in submitting COA-eligible orders. In addition, the proposed changes also promote additional transparency and internal consistency in Exchange rules. The Exchange believes that, as proposed, COA Order Allocation maximizes price discovery and liquidity while employing price priority, which benefits all market participants.

COA Order Allocation

The Exchange believes that the proposed rule changes, which clarify the priority and order allocation and processing of COA-eligible orders would remove impediments to and perfect the mechanism of a free and open market and a national market system because the proposed changes are designed to protect investors and the public interest by making the Exchange's rules more clear, concise, transparent and internally consistent, which enhances the overall comprehensibility to investors without altering the operation of the rule. For example, the Exchange believes that the revised rule text describing the execution of COA-Eligible orders provides clarity regarding the allocation of COA-eligible orders against any RFR Responses or incoming ECOs and makes clear that a COA-eligible order would only execute against the leg markets after any auction allocations have been made. The Exchange also believes that the proposed changes would conform to the Exchange's price/time priority model and reduce the potential for investor confusion.

Non-Substantive Changes

The Exchange believes that the proposed non-substantive, technical changes, including updated cross references that conform rule text to proposed changes, promotes just and equitable principles of trade, fosters cooperation and coordination among persons engaged in facilitating securities transactions, and removes impediments to and perfects the mechanism of a free and open market by ensuring that members, regulators and the public can more easily navigate the Exchange's rulebook and better understand the defined terms used by the Exchange.

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. To the contrary, the Exchange believes that the proposed changes would encourage increased submission of ECOs, as well as increased participation in COAs, which will add liquidity to the Exchange to the benefit all market participants and is therefore pro-competitive. The proposal does not impose an intra-market burden on competition, because these changes make the rule clearer and more complete for all participants. Nor does the proposal impose a burden on competition among the options exchanges, because of the vigorous competition for order flow among the options exchanges. To the extent that market participants disagree with the particular approach taken by the Exchange herein, market participants can easily and readily direct complex order flow to competing venues.

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 email to *rule-comments@sec.gov.* Please include File Number SR–NYSEAMER–2017–15 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–2017–15. 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 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–2017–15 and should be submitted on or before October 18, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[64]

Eduardo A. Aleman,

Assistant Secretary.

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[64] 17 CFR 200.30–3(a)(12).