

**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34–81668; File No. SR–NASDAQ–2017–074]

**Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Designation of Longer Period for Commission Action on Proposed Rule Change, as Modified by Amendment No. 1, To Adopt the Midpoint Extended Life Order**

September 21, 2017.

On July 21, 2017, The Nasdaq Stock Market LLC (“Nasdaq” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b–4 thereunder,<sup>2</sup> a proposed rule change to adopt the Midpoint Extended Life Order. The proposed rule change was published for comment in the **Federal Register** on August 9, 2017.<sup>3</sup> On August 9, 2017, the Exchange filed Amendment No. 1 to the proposed rule change.<sup>4</sup> The Commission has received three comment letters on the proposal.<sup>5</sup>

Section 19(b)(2) of the Act<sup>6</sup> provides that within 45 days of the publication of notice of the filing of a proposed rule change, or within such longer period up to 90 days as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or as to which the self-regulatory organization consents, the Commission shall either approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether the proposed rule change should be

disapproved. The 45th day for this filing is September 23, 2017.

The Commission is extending the 45-day time period for Commission action on the proposed rule change. The Commission finds that it is appropriate to designate a longer period within which to take action on the proposed rule change so that it has sufficient time to consider the Exchange’s proposal, the comments received, and any response to the comments by the Exchange.

Accordingly, pursuant to Section 19(b)(2) of the Act<sup>7</sup> and for the reasons stated above, the Commission designates November 7, 2017, as the date by which the Commission shall either approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change (File No. SR–NASDAQ–2017–074), as modified by Amendment No. 1.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>8</sup>

**Eduardo A. Aleman,**  
*Assistant Secretary.*

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34–81670; File No. SR–NYSEAMER–2017–18]

**Self-Regulatory Organizations; NYSE American LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Update and Amend its Options Rules, as Described Herein, To Reduce Unnecessary Complexity and To Promote Standardization and Clarity**

September 21, 2017.

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (the “Act”),<sup>2</sup> and Rule 19b–4 thereunder,<sup>3</sup> notice is hereby given that, on September 11, 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 the Substance of the Proposed Rule Change**

The Exchange proposes to update and amend its options rules, as described herein, to reduce unnecessary complexity and to promote standardization and clarity.

The proposed rule change is available on the Exchange’s Web site at [www.nyse.com](http://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 Statutory Basis for, the Proposed Rule Change*

**1. Purpose**

The Exchange proposes to update and amend its options rules as follows: (1) Delete Rules 965 and 970 and replace them with new Rules 915NY, 915.1NY, 915.2NY and 915.3NY, in order to update its rules governing the verification of compared trades and the reconciliation of uncompleted trades, and simultaneously to conform the Exchange’s rules to the rules of NYSE Arca, Inc. (“NYSE Arca”), its affiliated exchange, and to update the cross-references to Rules 965 and 970 in Rules 900F and 900H accordingly; (2) amend Rule 900.2NY(29) to clarify the definition of Floor Market Maker; (3) amend Rule 902NY to replace an outdated reference to the Options Surveillance Department; (4) amend Rule 920NY(a) to clarify the definition of Market Maker and to conform the Exchange’s rules to the rules of NYSE Arca; (5) amend Rule 930NY to replace the definition of “Professional Customer” with “Qualified Customer” in connection with the limited public business that qualified Floor Brokers and their Floor Clerks may conduct; (6) amend Rule 934NY to update the

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

<sup>2</sup> 17 CFR 240.19b–4.

<sup>3</sup> See Securities Exchange Act Release No. 81311 (August 3, 2017), 82 FR 37248.

<sup>4</sup> In Amendment No. 1, the Exchange updated Item 2, “Procedures of the Self-Regulatory Organization,” in Form 19b–4 of the proposal to reflect the approval of the proposal by the Exchange’s Board of Directors on July 21, 2017. When the Exchange filed Amendment No. 1 with the Commission, it also submitted Amendment No. 1 to the public comment file for SR–NASDAQ–2017–074 (available at: <https://www.sec.gov/comments/sr-nasdaq-2017-074/nasdaq2017074.htm>). Because Amendment No. 1 is a technical amendment that does not alter the substance of the proposed rule change, it is not subject to notice and comment.

<sup>5</sup> See Letters to Brent J. Fields, Secretary, Commission, from Stephen John Berger, Managing Director, Government & Regulatory Policy, Citadel Securities, dated August 30, 2017; Ray Ross, Chief Technology Officer, The Clearpool Group, dated September 12, 2017; and Joanna Mallers, Secretary, FIA Principal Traders Group, dated September 19, 2017.

<sup>6</sup> 15 U.S.C. 78s(b)(2).

<sup>7</sup> 15 U.S.C. 78s(b)(2).

<sup>8</sup> 17 CFR 200.30–3(a)(31).

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

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

<sup>3</sup> 17 CFR 240.19b–4.

references to the current Order Protection Rule; (7) amend Rule 955NY to replace an outdated reference to a required timestamp synchronized to the “NIST Clock” with a reference to the current operative Consolidated Audit Trail (“CAT”) clock synchronization rule; and (8) amend Rule 963NY in order to conform the Exchange’s rule governing the priority of complex orders in open outcry to its rule governing electronic complex orders. The Exchange proposes to make these rule changes in order to update its rules, reduce complexity and provide clarification concerning its rules, delete outdated cross-references, and standardize and conform its rules to the rules of its affiliated exchange governing the same subject matter.

#### Proposed Rule Changes Governing the Verification and Reconciliation of Trades

In order to update its rules governing the reconciliation of uncomparing trades and to conform its rules to the rules of NYSE Arca, its affiliated exchange, the Exchange proposes to delete Rules 965 and 970 and its commentary,<sup>4</sup> and to replace them with new Rules 915NY and its commentary, 915.1NY, 915.2NY, and 915.3NY and its commentary. This proposal is based upon existing NYSE Arca Rules 6.17–O and its commentary, 6.18–O, 6.19–O, and 6.21–O and its commentary, which rules govern the same subject matter, and that the Exchange proposes to renumber and adopt with conforming modifications.<sup>5</sup>

<sup>4</sup> Rule 970 was last amended in 2004 to reflect then-current data processing and communications technology for comparing options transactions that were excluded from clearing and for the timely resolution of such uncomparing trades. See Securities Exchange Act Release No. 49438 (March 17, 2004), 69 FR 13919 (March 24, 2004) (SR–AMEX–2003–78). Rule 970 emanates from earlier, and contains such outdated references and anachronistic concepts as a Rejected Option Transaction Notice (“ROTN”) that must be “OK’d or DK’d”; a “ROTN Room” where members or member organizations or their representatives must be present in order to resolve “prior day’s business”; the “call time” deadline for parties to check their contract sheets to reconcile uncomparing trades and to verify any trades where they are identified as the contra-side; and a manual requirement to include the “badge number” of both the executing and the contra-broker, which required data elements are now captured electronically in the electronic order capture rule before an order is sent electronically or represented in open outcry. See Rule 955NY Order Format and System Entry Requirements.

<sup>5</sup> To conform the proposed new rules to the Exchange’s existing rulebook and definitions, the Exchange proposes to substitute “ATP Holders” for “OTP Holders and OTP Firms”, to substitute “NYSE Amex Trade Processing Department” for “NYSE Arca Trade Processing Department”, and to cross-reference Exchange Rule 9200 in lieu of the cross-reference to NYSE Arca’s disciplinary rule.

Proposed Rules 915NY *et seq.* would update the outdated language of Rules 965 and 970 by clarifying the requirements and processes of verifying and comparing trades, including the requirement that clearing members verify and reconcile both compared and uncomparing trades promptly, and routinely compare trades during the course of a trading session; the issuance by the Exchange of an unreconciled trade report after the cut-off hour for the receipt of reconciliation reports; the provision by the Exchange of a report of compared trades to the Options Clearing Corporation (“OCC”); the provision of notice of trades that remained uncomparing overnight, and for the fixation of the amount of loss; and would conform the rules of the Exchange to the rules of NYSE Arca, thus providing further rule uniformity, and the attendant clarification of processes in options marketplaces.<sup>6</sup> In addition, the Exchange believes Rule 970, which includes outdated language,<sup>7</sup> unnecessarily hinders and delays further technical improvements and that the requirements of new proposed Rules 915NY *et seq.* would both modernize its rulebook to more closely describe the existing options reconciliation process, in addition to conforming its rulebook to the extant rules of its affiliated exchange.

Specifically, new proposed Rule 915NY and its associated commentary (which is based upon NYSE Arca Rule 6.17–O and its commentary) would add greater specificity in connection with the obligations of ATP Holders to both verify compared trades *and* to reconcile and report uncomparing trades.<sup>8</sup> Unlike

<sup>6</sup> See generally NYSE Arca Rules 6.17–O, 6.18–O, 6.19–O, and 6.21–O, now proposed as new Rules 915NY, 915.1NY, 915.2NY, and 915.3NY. NYSE Arca Rule 6.20–O, that addresses time synchronization, is inapposite to these proposed rule changes governing the reconciliation of uncomparing trades, and is therefore not included sequentially in new proposed Rules 915NY *et seq.*; but see, *infra*, the rule change proposed by the Exchange amending Rule 955NY, that would replace an outdated reference to a required timestamp synchronized to the “NIST Clock” with a reference to the current CAT clock synchronization rule. Separately, NYSE Arca, the affiliated Exchange, also intends to file a proposed rule change amending NYSE Arca Rule 6.20–O to replace the same outdated timestamp reference in its rulebook.

<sup>7</sup> See Fnt. 4, *supra*.

<sup>8</sup> New proposed Rule 915NY would provide that ATP Holders that are clearing members of the OCC or their delegates shall be obligated to verify the information shown on the contract lists or on such electronic display terminals to reconcile all uncomparing trades and advisory trades shown on the uncomparing trade list and to report all reconciliations, corrections and adjustments to the Exchange in accordance with such procedures as may be established by the Exchange from time to time. Such reconciliation report shall be filed with

Rule 970’s focus upon trades excluded from clearance, new proposed Rule 915NY and Commentary .01 describes existing obligations to verify trade information in order to reconcile uncomparing trades—to verify and reconcile compared *and* uncomparing trades promptly—and to timely report the resulting reconciliations, corrections and adjustments to the Exchange.<sup>9</sup>

New proposed Rule 915.1NY (which is based upon NYSE Arca Rule 6.18–O) would replace Rule 965. Rule 965 is textually identical to NYSE Arca 6.18–O.<sup>10</sup> Consequently, there is no formative change associated with the replacement of Rule 965 with proposed Rule 915.1NY but for the replacement of the cross-reference to Rule 970 with a cross-reference to new proposed Rule 915.3, the successor rule governing the resolution of uncomparing trades.<sup>11</sup>

New proposed Rule 915.2NY (which is based upon Arca Rule 6.19–O),

the Exchange prior to such cut-off time as the Exchange may prescribe and shall be binding on the clearing member on whose behalf it is filed. New proposed Commentary to Rule 915NY would provide that Rule 915NY requires clearing members to verify and reconcile compared and uncomparing trades promptly in accordance with procedures established by the Exchange from time to time; that trades must be routinely compared during the course of the trading session; that all executing ATP Holders must be available for the settlement of uncomparing trades throughout the trading day and until the final trade transmission is sent to the OCC, either in person or through a designated representative empowered to negotiate settlement of any dispute in such ATP Holder’s name and account; that for purposes of complying with this provision, the authorized representative must be physically present on the Trading Floor or be accessible via telephone or email, until the final trade transmission is sent to the OCC; that it will be considered a violation of Rule 915NY if a responsible ATP Holder is not available to reconcile an uncomparing trade when contacted by NYSE Amex Trade Processing Department; and that, while there may be occasional instances when a trade must remain uncomparing overnight, and be resolved in conformance with Rule 915.3NY, any ATP Holders responsible for an undue number of such occurrences will be subject to disciplinary action pursuant to Rule 9200.

<sup>9</sup> Simultaneously, new proposed Rule 915NY would eliminate the outdated references and anachronistic concepts rampant throughout Commentary .01 to Rule 970, thus further clarifying the rulebook. See Fnt. 4, *supra*.

<sup>10</sup> New proposed Rule 915.1NY would provide that on each business day after the cut-off hour for the receipt of reconciliation reports, the Exchange shall issue to each ATP Holder which is a clearing member of the OCC or its delegate, an unreconciled trade report which will contain a list of any new or remaining uncomparing trades and advisory trades of such clearing member. If any such trades are subsequently reconciled between the parties, they may be submitted for comparison on the next business day. Trades which are not so reconciled by the parties shall be closed in accordance with the provisions of Rule 915.3NY.

<sup>11</sup> The Exchange also proposes placing the requirements of Rule 965, which address the issuance of an unreconciled trade report, within the newly grouped sequence of rules that address the processes of comparison and reconciliation.

similarly to new proposed Rule 915NY and its commentary, would describe existing processes of the Exchange: To furnish to the OCC a report of each clearing member's compared trades based on the comparison service performed by the Exchange on that business day; thus providing further rule uniformity and clarification of this part of the process in the options marketplaces.<sup>12</sup>

New proposed Rule 915.3NY and its commentary (which is based upon Arca Rule 6.21–O and its commentary)<sup>13</sup> describes calculations of the amounts of loss on uncomparing trades,<sup>14</sup> provisions that Rule 970 did not specify, and that the Exchange believes would provide helpful clarification and conformity of its rulebook and processes.<sup>15</sup> Additionally, Commentary .02 to new proposed Rule 915.3NY also describes the Exchange's authority to remove from record any transactions that have, in error, been matched but which are actually uncomparing transactions.<sup>16</sup>

<sup>12</sup> New proposed Rule 915.2NY would provide that on each business day at or prior to such time as may be prescribed by the OCC, the Exchange shall furnish the OCC a report of each clearing member's compared trades based on the comparison service performed by the Exchange on that day. Only trades which have been compared in accordance with the provisions of this Rule shall be furnished by the Exchange to the OCC, and the Exchange shall assume no responsibility with respect to any uncomparing trade nor for any delays or errors in the reporting of trades for comparison.

<sup>13</sup> As noted in Fnt. 6, *supra*, NYSE Arca Rule 6.20–O is inapposite to these proposed rule changes governing the reconciliation of uncomparing trades and is therefore not included sequentially in new proposed Rules 915NY *et seq.*

<sup>14</sup> New proposed Rule 915.3NY would provide that the amount of loss as a result of an uncomparing trade would be the opening price for such contract on the business day following the trade date; where the uncomparing trade side is one for the purchase of option contracts and no trade occurred on the opening, the price used in fixing the amount of the loss would be the offer at the time of the opening; and, where the uncomparing trade side is one for the sale of option contracts and no trade occurred on the opening, the price used in fixing the amount of the loss would be the bid price.

<sup>15</sup> New proposed Rule 915.3NY would also provide that notice of uncomparing trades must be provided no later than the scheduled commencement of trading unless directed otherwise by a Trading Official; that in the event an uncomparing transaction involves an option contract of a series in which trading has been terminated or suspended before a new Exchange option transaction can be effected to establish the amount of any loss, the ATP Holder not at fault may claim damages against the other party involved in the transaction based on the terms of such transaction; and that all such claims shall be made promptly but in no event shall such claim be made after the close of trading on the first business day following the date of the uncomparing transaction in question.

<sup>16</sup> New proposed Commentary to Rule 915.3NY would also provide that in order to ensure that trades can be resolved by the scheduled commencement of trading in such series or class of options on the first business day following the trade

The Exchange believes that the deliberate assemblage of the provisions concerning the resolution of uncomparing trades in a separate new rule, new proposed Rule 9.15.3NY, along with the assembly of the associated rules governing the verification of compared trades and the reconciliation of uncomparing trades, the issuance of an unreconciled trade report, and the reporting of compared trades to OCC, in new proposed Rules 915NY, 915.1NY and 915.2NY, respectively, would clarify, update and make uniform the rules governing the post-trade processing of options transactions, and would accelerate the reconciliation process for uncomparing options transactions, thereby reducing any potential risks or inefficiencies inherent in the continued use of outdated Rules 965 and 970.

Finally, in a further effort at standardization and clarity, the Exchange proposes to add the new rules to the “NY” series of its rulebook, which contains the rules principally applicable to the trading of options contracts. In order to provide further clarification concerning its rules, the Exchange also proposes to replace the cross-references to Rules 965 and 970 in Rules 900F and Rule 900H with updated cross-references to proposed Rules 915NY, 915.1NY, 915.2NY, and 915.3NY.

#### Other Proposed Rule Changes

In addition, the Exchange proposes to amend Rule 900.2NY(29) to streamline the definition of Floor Market Maker. Specifically, the Exchange proposes to amend Rule 900.2NY(29) so that the proposed definition would read “The term ‘Floor Market Maker’ shall mean a registered Market Maker who makes transactions as a dealer-specialist while on the Floor of the Exchange.” In connection with this change, the Exchange proposes to eliminate “and provides quotations: (A) Manually, by public outcry, and (B) electronically through an auto-quoting device” as an unnecessarily repetitive description of a Floor Market Maker's activity, in an effort to promote further clarification in its rulebook.

In order to further update and clarify the Exchange's rules governing conduct on the options trading floor, the Exchange proposes to amend Rule 902NY(f) to replace an outdated reference to the “Options Surveillance

date, ATP Holder are required to have an authorized representative of such ATP Holder available to resolve uncomparing trades no later than 45 minutes from the scheduled commencement of trading on said business day following the trade date.

Department” with “NYSE Regulation”, the current operative entity to which complaints from ATP Holders may be directed. NYSE Regulation currently oversees the self-regulatory responsibilities and functions of the Exchange.<sup>17</sup>

In order to add further clarification to its rulebook, and to conform its definition of Marker Maker to the rules of NYSE Arca, its affiliated exchange, the Exchange also proposes to add “making transactions as a dealer-specialist on the Floor of the Exchange” to the beginning of the first sentence of Rule 920NY, and to delete “verbally on the Trading Floor” and “from on the Trading Floor or remotely from off the Trading Floor” from the end of that sentence.<sup>18</sup> The proposed sentence would read “A Market Maker is an ATP Holder that is registered with the Exchange for the purpose of making transactions as a dealer-specialist on the Floor of the Exchange or for the purpose of submitting quotes electronically and making transactions as a dealer-specialist through the System.” In addition to being consistent with the definition of a Marker Maker in NYSE Arca Rule 6.32(a)–O, the Exchange believes that this modification will promote greater clarity without affecting the definition of market maker as a dealer-specialist that makes transactions in open outcry on the floor of the Exchange and electronically through the System.

In order to clarify its rules, the Exchange also proposes to amend Rule 930NY(b)(1) and Rule 930NY(b)(2) to replace the definition of “Professional Customer” with the single-use term “Qualified Customer” in connection with the limited public business that qualified Floor Brokers and their Floor Clerks may conduct. Rule 930NY(b) defines both the permissible conduct of a limited public business and also defines “Professional Customer”, for purposes of Rule 930NY(b), as “not includ[ing] those participants defined in Rule 900.2NY(18A)”.<sup>19</sup> In order to avoid

<sup>17</sup> See Regulatory Information Memo No. 15–6 available at: <https://www.nyse.com/publicdocs/nyse/markets/nyse/rule-interpretations/2015/NYSE-15-6.pdf>

<sup>18</sup> The Exchange also proposes deleting “in accordance with the Rules of the Exchange” from the end of that first sentence as unnecessary because adherence to the Exchange's rules is intrinsic to all rules in its rulebook.

<sup>19</sup> The definition of “Professional Customer” in Rule 900.2NY(18A), which is broader than the definition in Rule 930NY (b)(2), defines a “Professional Customer” as an individual or organization that is not a Broker/Dealer in securities and places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). Rule 900.2NY(18A) also

unnecessary complexity or confusion concerning the duplicate definitions of “Professional Customer”, the Exchange proposes to amend Rule 930NY(b) to replace the definition of “Professional Customer” with the single-use term “Qualified Customer” in connection with the limited public business, and to limit the use of “Qualified Customer” to Rule 930NY(b).

Furthermore, in order to provide further clarification concerning its rules, the Exchange proposes to amend Rule 934NY, its crossing rule, by replacing outdated references to the requirement that execution prices “be equal to or better than the NBBO” with updated cross-references to the Rule 991NY, the current plenary Order Protection Rule. In addition, in connection with both customer-to-customer cross and non-facilitation (regular way) crosses, the Exchange proposes to delete from Rules 934NY(a)(3)(B) and 934NY(b)(3) two sentences that provide that “[t]he orders will be cancelled or posted in the Book if an execution would take place at a price that is inferior to the NBBO”. Rule 991NY would also govern in such situations, and the orders will not be cancelled or posted but would trade through in accord with the exemptions in Rule 991NY.

In order to update and clarify the Exchange’s rules governing its order format and system entry requirements, the Exchange proposes to amend Rule 955NY to replace an outdated reference to a required timestamp synchronized to the “NIST Clock” with a reference to Rule 6820, the current CAT clock synchronization rule. Specifically, in connection with Rule 955NY(d)(2)(A), which governs contingency reporting procedures when an exception to the EOC (Electronic Order Capture System) applies, the Exchange proposes to delete an outdated reference to “(a timestamp synchronized with the National Institute of Standards and Technology Atomic Clock in Boulder Colorado ‘NIST Clock’ will be available at all ATP Holder booths[sic])” and instead add the requirement that all order events must conform to the requirements of Rule 6820. For further clarity, the Exchange also proposes to delete “immediately” from the text of the rule because Rule 6820 sets the operative standard.

Finally, the Exchange proposes to conform its rule governing the priority of complex orders in open outcry to its rule governing Electronic Complex

Orders. Specifically, the Exchange proposes to conform Rule 963NY(d) to Rule 980NY(b) by amending Rule 963NY(d) to provide that a Complex Order and Stock/Complex Orders may be executed at a “total or” net debit or credit price.

## 2. Statutory Basis

The proposed rule changes are consistent with Section 6(b)<sup>20</sup> of the Act, in general, and furthers the objectives of Section 6(b)(5),<sup>21</sup> in particular, in that they are designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system.

Specifically, the Exchange believes that conforming its definitional rules to the rules of an affiliated exchange, updating its rules by deleting and updating outdated cross-references, eliminating extraneous or redundant, and therefore potentially confusing or ambiguous, language, clarifying a duplicative definition, updating a cross-reference to a current operative rule or operative entity, and updating its post-trading verification and reconciliation rules, and conforming its rules to the rules of an affiliated exchange governing the same subject matter, would remove impediments to and perfect a national market system by simplifying the functionality and complexity of its rules and regulatory requirements. The Exchange also believes that these proposed amendments would be consistent with the public interest and the protection of investors because investors would not be harmed and, in fact, would benefit from this simplification, updating and clarification. Further, the Exchange believes that investors would benefit from the added transparency and clarity of the Exchange’s rules.

In addition, the Exchange believes, that by updating and conforming its rules governing the verification of compared trades and the reconciliation of uncompleted trades to the rules of NYSE Arca, its affiliated exchange, by streamlining the definition of Floor Market Maker by eliminating extraneous language, by updating and clarifying the Exchange’s rules governing conduct on the options trading floor by replacing an outdated reference to the “Options

Surveillance Department” with “NYSE Regulation”, by updating and conforming its definition of Market Maker to the definition of NYSE Arca and deleting redundant and therefore potentially confusing language, by replacing the definition of “Professional Customer” with the single-use term “Qualified Customer” in connection with the limited public business that qualified Floor Brokers and their Floor Clerks may conduct, by amending its crossing rule by replacing outdated and potentially ambiguous references to the NBBO with cross-references to the current plenary Order Protection Rule, by updating and clarifying its rules governing its order format and system entry requirements by replacing an outdated reference with a reference to the current operative CAT time synchronization rule, and by conforming its rule governing the priority of complex orders in open outcry to its rule governing Electronic Complex Orders, would also promote just and equitable principles of trade, would remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, would help to protect investors and the public interest by providing transparency as to which rules are operable, and by reducing potential confusion that may result from having outdated or redundant rules or cross-references in the Exchange’s rulebook. The Exchange further believes that the proposed rule changes would remove impediments to and perfect the mechanism of a free and open market by ensuring that members, regulators and the public can more easily navigate and understand the Exchange’s rulebook.

For these reasons, the Exchange believes that the proposal is consistent with the Act.

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

The Exchange does not believe that the proposed rule changes will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed changes are not designed to address any competitive issue but would instead update, remove, and clarify outdated cross-references and definitions, and redundant language, and also conform the Exchange’s rules and definitions to the rules of another exchange, thereby reducing confusion and making the Exchange’s rules easier to understand and navigate.

defines the treatment of a Professional Customer under various Exchange rules *except* Rule 930NY(b), and defines how to calculate the number of Professional Customers orders in connection with different order types.

<sup>20</sup> 15 U.S.C. 78f(b).

<sup>21</sup> 15 U.S.C. 78f(b)(5).

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

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

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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>22</sup> and Rule 19b-4(f)(6) thereunder.<sup>23</sup> Because the proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6)(iii) thereunder.

A proposed rule change filed under Rule 19b-4(f)(6)<sup>24</sup> normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),<sup>25</sup> the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest.

At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B)<sup>26</sup> of the Act to determine whether the proposed rule change should be approved or disapproved.

**IV. Solicitation of Comments**

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

*Electronic Comments*

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NYSEAMER-2017-18 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-2017-18. 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 such 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-2017-18, and should be submitted on or before October 18, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>27</sup>

**Eduardo A. Aleman,**  
*Assistant Secretary.*

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-81672; File No. SR-NYSEAMER-2017-17]

**Self-Regulatory Organizations; NYSE American LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending Rule 7.31E Relating to the Minimum Trade Size Modifier for Additional Order Types and Expanding the Minimum Trade Size Modifier for Existing Order Types**

September 21, 2017.

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 ("Act")<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that on September 11, 2017, NYSE American LLC ("Exchange" or "NYSE American") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend Rule 7.31E relating to the Minimum Trade

Size modifier.

The proposed rule change is available on the Exchange's Web site at [www.nyse.com](http://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.

<sup>22</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>23</sup> 17 CFR 240.19b-4(f)(6).

<sup>24</sup> 17 CFR 240.19b-4(f)(6).

<sup>25</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>26</sup> 15 U.S.C. 78s(b)(2)(B).

<sup>27</sup> 17 CFR 200.30-3(a)(12).

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

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

<sup>3</sup> 17 CFR 240.19b-4.