100 F Street NE, Room 1503, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. All statements received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly.

FOR FURTHER INFORMATION CONTACT: Marc Oorloff Sharma, Chief Counsel, Office of the Investor Advocate, at (202) 551–3302, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549.

SUPPLEMENTARY INFORMATION: The meeting will be open to the public, except during that portion of the meeting reserved for an administrative work session during lunch. Persons needing special accommodations to take part because of a disability should notify the contact person listed in the section above entitled **FOR FURTHER INFORMATION CONTACT**. The agenda for the meeting includes: Welcome remarks; a discussion regarding methods to develop better disclosures for investors; a discussion regarding increased leverage and related SEC regulatory implications; subcommittee reports; and a nonpublic administrative work session during lunch.

Dated: August 28, 2019.

Vanessa A. Countryman,

Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–86789; File No. SR–NYSEAMER–2019–30]

Self-Regulatory Organizations; NYSE American LLC; Notice of Filing of Proposed Rule Change To Modify Rules 967NY and 953.1NY Regarding the Treatment of Orders Subject to Trade Collar Protection

August 28, 2019.

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 August 21, 2019, NYSE American LLC (''NYSE American'' or the ''Exchange'') 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 modify Rules 967NY (Price Protection—Orders) and 953.1NY (Limit-Up and Limit-Down During Extraordinary Market Volatility) regarding the treatment of orders subject to Trade Collar Protection. The proposed rule change is available on the Exchange's website at *www.nyse.com,* at the principal office of the Exchange, and at the Commission's Public Reference Room.

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

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

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

1. Purpose

The Exchange proposes to modify Rules 967NY(a) and 953.1NY regarding the treatment of orders subject to Trade Collar Protection.

The Exchange has in place various price check features that are designed to help maintain a fair and orderly market, including Trade Collar Protection.[4] Trading Collars mitigate the risks associated with orders sweeping through multiple price points (including during extreme market volatility) and resulting in executions at prices that are potentially erroneous (*i.e.,* because they are away from the last sale price or best bid or offer). By applying Trading Collars to incoming orders, the Exchange provides an opportunity to attract additional liquidity at tighter spreads and it ''collars'' affected orders at successive price points until the bid and offer are equal to the bid-ask differential guideline for that option, *i.e.,* equal to the Trading Collar. Similarly, by applying Trading Collars to partially executed orders, the Exchange prevents the balance of such orders from executing away from the prevailing market after exhausting interest at or near the top of book on arrival. The Exchange proposes to modify its rule regarding Trading Collars (*i.e.,* Rule 967NY(a) or the ''Rule'') to clarify existing functionality and to adopt enhancements to the operation of the Trading Collars.

Current Rule 967NY(a)(1)(i) states that Trade Collar Protection prevents the ''immediate execution'' of incoming Market Orders when the difference between the National Best Offer (''NBO'') and the National Best Bid (''NBB'') is greater than one Trading Collar. Rule 967NY(a)(1)(ii) states that Trade Collar Protection prevents the execution of the balance of an incoming Market Order or marketable limit order to buy (sell) if it would execute at a price that exceeds the width of the National Best Bid and Offer (''NBBO'') plus (minus) the value of one Trading Collar. Thus, the current rule limits the application of Trade Collar Protection to incoming Market Orders and only expands this protection to include marketable Limit Orders once there is a balance of a partially executed order that is subject to such protection.

The Exchange proposes to modify Rule 967NY(a) to make clear that Trade Collar Protection may be applied to marketable Limit Orders on arrival. Although this reflects current functionality, the rule is silent in this regard and focuses solely on any unexecuted portion of a marketable Limit Order. Pursuant to proposed Rule 967NY(a), the Exchange would ''limit the immediate execution'' of incoming Market Orders and marketable Limit Orders (collectively, ''Marketable Orders''; and each a ''collared order'') if the width of the NBBO is greater than one Trading Collar.[5] This proposed

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

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

[3] 17 CFR 240.19b–4.

[4] Per Rule 967NY(a)(2), Trading Collars are determined by the Exchange on a class-by-class basis and, unless announced otherwise via Trader Update, are the same value as the bid-ask differential guidelines established pursuant to Rule 925NY(b)(4). The Exchange proposes a streamlining technical change to combine the buy and sell sections of the Rule into one paragraph since the Trading Collar value is the same whether a buy or sell order. *See* proposed Rule 967NY(a)(2)(A). To conform with this proposed change, the Exchange proposes to re-number current paragraph (a)(2)(C) to proposed (a)(2)(B), without any substantive changes.

[5] *See* proposed Rule 967NY(a)(1)(A). Because the Exchange is proposing to move the existing text (albeit modified) into a sub-paragraph, it proposes to re-number the paragraph in a manner consistent with the rest of the current rule. *See id.* Also, consistent with the clarification that Trade Collar Protection applies to incoming Marketable Orders,

change would clarify how Trade Collar Protection currently operates and explicitly state that marketable Limit Orders may be collared on arrival, in addition to having any remaining balance likewise subject to the Trading Collar (the latter point is already explicitly stated in the current rule). The Exchange would continue to apply Trade Collar Protection to the balance of Marketable Orders consistent with the current Rule (as discussed below).[6]

Current Rule 967NY(a)(3) provides that Trade Collar Protection does not apply to order types that have contingencies, namely, IOC, NOW, AON and FOK orders (the ''Contingent Order Type Provision''). The Exchange proposes to modify the Contingent Order Type Provision, which currently indicates that such order types would receive an ''immediate execution,'' to make clear that such incoming orders would ''receive an execution, depending upon the availability of an execution pursuant to the terms of those orders.''[7] The Exchange believes this proposed change (*i.e.,* the removal of the word ''immediate'') would more accurately reflect current functionality in regards to the processing of these contingent order types, insofar as such orders will only ''immediately'' execute if the contingency is satisfied. The Exchange believes this proposed wording change would add clarity, transparency and internal consistency to Exchange rules.

Current Rule 967NY(a)(4) provides that when a Market Order is subject to Trade Collar Protection pursuant to current paragraph (a)(1)(i), the Exchange does not immediately execute or route such orders and instead goes on to state how such orders are processed. The Exchange proposes to modify this paragraph to make clear that it relates to Marketable (as opposed to just Market) Orders as well as to clarify that the ''execution and/or routing'' of such orders would be limited by the Exchange as discussed below, as opposed to stating that they would not ''immediately execute or route'' which modifications are consistent with the changes to Rule 967NY(a)(1)(A) (and consistent with existing functionality). The Exchange also proposes to make clear that this provision relates to ''incoming'' Marketable Orders as opposed to the balance thereof.[8]

The Exchange also proposes to modify the Rule to specify that collared orders will be assigned a ''collar execution price,'' which price depends upon the order type (Market or Limit) and whether (when the order arrives) the Exchange is already in receipt of another order being collared.[9] Current Rule 967NY(a)(4)(A) covers collared Market Orders to buy (sell), which would not immediately execute or route, but would be ''displayed at a price equal to the NBB (NBO) plus (minus) one Trading Collar.'' As proposed, a Market Order to buy (sell) ''received when there is not already a collared order to buy (sell)'' would be ''assigned a collar execution price'' (as opposed to being ''displayed'') equal to the NBB (NBO) plus (minus) one Trading Collar.[10] The Exchange proposes to replace ''displayed'' as used in the current rule with ''assigned a collar execution price'' because, once collared (and consistent with current functionality), the order would be eligible to immediately execute against available interest before its price is displayed. Examples illustrating this (existing) functionality are included at the end of the description of these proposed rule changes.

In addition, the Exchange proposes an exception to the processing of incoming Market Orders to buy (sell) that arrive when the NBB (NBO) is zero (the ''Zero NBBO Collar Exception''). Specifically, a Market Order to buy entered when the NBB is $0.00 would be assigned a collar execution price equal to the NBB (*i.e.,* $0.00) plus one Trading Collar to ensure it is collared to avoid executing at an erroneous price; whereas, a Market Order to sell entered when the NBO is $0.00, would be rejected as there is no market for the incoming order.[11] The Exchange believes the Zero NBBO Collar Exception would improve the operation of Trading Collars when the prevailing market is zero (indicating market dislocation) at the time an incoming Market Order arrives. Absent the proposed Zero NBBO Collar Exception, a Market Order to buy (sell) that arrives when the NBB (NBO) is zero would trade based on the last sale price, if any; if there is no last sale price, the order would trade at the contra-side NBBO which may result in a bad execution price. The proposal to collar an incoming buy order when the NBB is zero is consistent with the handling of other collared orders to buy when the NBB is not zero (*i.e.,* the collared order is assigned a collar execution price equal to the NBB plus one Trading Collar).[12] In regards to the proposal to reject (as opposed to collar) incoming sell orders when the NBO is zero, the Exchange believes this change in functionality is necessary because any attempt to collar such an order would result in a negative number. In addition, the Exchange has observed that it is extremely uncommon to have a no (zero) offer situation and believes it could be indicative of unstable market conditions. To avoid such orders receiving bad executions in times of market dislocation, the Exchange believes it would be appropriate to reject such orders. Thus, the Zero NBBO Exception helps maintain fair and orderly markets. An example illustrating this new functionality is included at the end of this section.

In addition, because the rule has been updated to clarify that (consistent with current functionality) incoming marketable Limit Orders may be collared (*i.e.,* proposed Rule 967NY(a)(1)(A)), the Exchange proposes to further update the rule to address how such orders would be collared, depending upon whether the Exchange is already in receipt of a collared order. Specifically, as proposed (and consistent with current functionality), modified Rule 967NY(a)(4)(C) would clarify that when the incoming collared order is a marketable Limit Order to buy (sell) and there is no other order already

the Exchange proposes to modify and expand the application of paragraph (a)(4). *See* proposed Rule 967NY(a)(4).

[6] *See* proposed Rule 967NY(a)(1)(B). Because the Exchange is proposing to move the existing text (albeit slightly modified) into a sub-paragraph, it proposes to re-number the paragraph in a manner consistent with the rest of the current rule. *See id.* In addition, the Exchange proposes to modify this provision to refer solely to ''Marketable Orders'' (and to remove now extraneous reference to marketable Limit Orders), as the Marketable Orders is already defined in proposed Rule 967NY(a)(1)(A). *See* proposed Rule 967NY(a)(1)(B).

[7] *See* proposed Rule 967NY(a)(3). Because the listed contingency orders are not subject to Trade Collar Protection, the Exchange believes the current rule may refer to such orders receiving an ''immediate execution'' to contrast the treatment of orders that are subject to such protection—as such orders (under the current rule) are ''not immediately executed.'' *See* Rule 967NY(a)(1) and (a)(3).

[8] *See* proposed Rule 967NY(a)(4). *See also* proposed Rule 967NY(a)(1)(A) (making clear that incoming marketable Limit Order are subject to Trading Collar Protection).

[9] *See* proposed Rule 967NY(a)(4). The Exchange also proposes to make a conforming change to update the cross-reference from Rule 967NY(a)(1)(i) to proposed Rule 967NY(a)(1)(A). Also, current Rule 967NY(a)(4)(C)(i)–(iii) address scenarios when an order arrives while another order is being collared, but the proposed rule text adds clarity regarding current functionality and addresses enhancements to the functionality since the rule was adopted.

[10] *See* proposed Rule 967NY(a)(4)(B). As discussed further below, proposed Rule 967NY(a)(4)(A) would provide that ''[a] Market Order to buy (sell) received when there is already a collared order to buy (sell) will join that collared order and be processed consistent with paragraphs (a)(4)(C)–(a)(6),'' which reflects current functionality.

[11] *See* proposed Rule 967NY(a)(4)(B)(i), (ii).

[12] *See* proposed Rule 967NY(a)(4)(B) (providing, in relevant part, that a Market Order to buy received when there is not already a collared order to buy is assigned a collar execution price equal to the NBB plus one Trading Collar).

being collared, the order would be ''assigned a collar execution price equal to the NBO (NBB).'' If, however, a marketable Limit Order arrives when there is already an order being collared, it would join that collared order and be processed consistent with proposed paragraph (a)(6)(B), which is discussed below.[13]

The Exchange also proposes to modify the rule regarding executions of collared orders. The current rule provides that the Exchange would ''execute or route the collared order to buy (sell) against any contra-interest priced within one Trading Collar above (below) the displayed price of the collared order.'' [14] The Exchange proposes to clarify that a collared order to buy (sell) would ''trade against any contra-side interest priced equal to its collar execution price or at prices within one Trading Collar above (below) the collar execution price ('the Collar Range').'' [15] Consistent with proposed Rule 967NY(a)(4)(B),(C), the Exchange proposes to refer to the ''collar execution price'' (as opposed to a display price) as the collared order seeks an execution before it would be displayed, thus this change clarifies existing functionality. In addition, the Exchange believes that clarifying that the collared order would execute with contra-side interest priced within a Collar Range (*i.e.,* equal to, and up to one Trading Collar above (below) the collar execution price), provides more specificity than the current language, which states only that such order would execute against interest ''within one Trading Collar'' of its price. The Exchange believes these proposed changes, which describe current functionality, would add clarity, transparency, and internal consistency to Exchange rules.

The Exchange proposes to add new paragraph (a)(4)(E) to the Rule to codify existing functionality and make clear that the Exchange would cancel a Market Order, or the balance thereof, that has been collared pursuant to proposed Rule 967NY(a)(1)(A) or (B) if, after exhausting trading opportunities within the Collar Range, the Exchange determines there are no quotes on the Exchange and/or no interest on another market (''Available Interest''). The absence of Available Interest, such as a Market Maker quote in the series, means that the Exchange would have no reliable price framework within which to evaluate the Market Order. Therefore, the Exchange believes that cancellation of the Market Order would be appropriate and in the best interest of investors.

Regarding the treatment of the balance of a Marketable Order (*i.e.,* a Market Order or a marketable Limit Order) that is subject to Trade Collar Protection, the Exchange proposes to clarify and update the collar functionality, including making clear when and at what price the collared order is first displayed. Current Rule 967NY(a)(5) provides that ''[w]hen the balance of a partially executed Marketable Order'' is subject to Trade Collar Protection, such balance ''will be displayed at the last sale price.'' Further, ''[i]f there is an opportunity for trading within a Trading Collar above (below) the last sale price, the balance of the buy (sell) order will be displayed at the NBB (NBO) established at the time of the initial execution.'' [16]

The Exchange proposes to replace the existing text and replace it with new rule text titled ''Display of collared orders.'' Pursuant to new Rule 967NY(a)(5), a Market Order that does not trade on arrival will be displayed at its collar execution price whereas the display price of the balance of a partially executed Marketable Order collared pursuant to proposed paragraph (a)(1)(B) of the Rule, depends upon eligible contra-side interest.[17] Specifically, per proposed paragraph (a)(5)(A) of the Rule, if the collared order has traded against all contra-side interest within the Collar Range, the order would be displayed at the most recent execution price.[18] This proposed provision sets forth the same concept as the first sentence of current paragraph (a)(5), except that it specifies that the order would be displayed at the most recent execution price (*i.e.,* last sale price) only after it has exhausted trading opportunities within the Collar Range (whereas the current rule is silent on this fact, though it may be inferred given that the second sentence of the current Rule discusses the display price when trading opportunities have not been exhausted).

Per proposed paragraph (a)(5)(B) of the Rule, if, however, there is contra-side interest priced within one Trading Collar of the most recent execution price, the order to buy (sell) would be displayed at the higher (lower) of its assigned collar execution price or the best execution price of the order that is both within the Collar Range and at least one Trading Collar away from the best priced contra-side trading interest (*i.e.,* lowest sell interest for collared buy orders/highest buy interest for collared sell orders).[19] This proposed text modifies the second sentence of current paragraph (a)(5) by replacing reference to the NBBO at the time of initial execution with the concept of the collar execution price and clarifying that the display price would be the better of the collar execution price or keyed off of the best price contra-side interest. The Exchange believes this modified provision, which reflects current functionality, provides greater granularity regarding the circumstances under which the price of a collared order is first displayed and how that price is determined, which additional clarity and transparency is beneficial to the investing public.

In addition, the Exchange also proposes to add rule text to new paragraph (a)(5) of the Rule to make clear that collared orders would be displayed at the Minimum Price Variation (''MPV'') for the option, pursuant to Rule 960NY (Trading Differentials) which rule sets forth the minimum quoting increments for options traded on the Exchange.[20] The Exchange believes adding this information to the Rule add transparency, clarity and internal consistency to Exchange rules.

Current Rule 967NY(a)(4)(C) sets forth scenarios that would trigger the ''redisplay'' of a collared order. Consistent with the foregoing changes, the Exchange proposes to update this section with conforming changes for consistency, with regard to current functionality, and modify the rule to adopt new functionality. First, the Exchange proposes to re-number this paragraph as (a)(6), title it ''Repricing of collared orders,'' and make clear that the Exchange would ''assign a new collar execution price'' to (as opposed to redisplay) the collared order upon the happening of one of the listed scenarios (as modified below).[21]

[13] *See* proposed Rule 967NY(a)(4)(C).

[14] *See* Rule 967NY(a)(4)(B).

[15] *See* proposed Rule 967NY(a)(4)(D). The proposed rule does not repeat the concept of a collared order being executed or routed in paragraph (a)(4)(D), because this concept is already covered in proposed paragraph (a)(4).

[16] *See* Rule 967NY(a)(5).

[17] *See* proposed Rule 967NY(a)(5). The Exchange notes that the proposed new rule does not include the last sentence of current paragraph (a)(5) which provides that the balance of Marketable Orders that are subject to Trade Collar Protection are processed in the same fashion as incoming collared orders per current paragraph (a)(4). The Exchange believes that this language would be redundant of proposed paragraph (a)(1)(A)–(B), which makes clear what is deemed a ''collared order'' as well as proposed rule (a)(4)(A)–(E), which describes how such orders are processed.

[18] *See* proposed Rule 967NY(a)(5)(A).

[19] *See* proposed Rule 967NY(a)(5)(B).

[20] *See* proposed Rule 967NY(a)(5).

[21] *See* proposed Rule 967NY(a)(6). Consistent with this change, the Exchange also proposes to

- The first scenario under the current rule provides that ''an update to the NBBO (based on another market or a quote on the Exchange or a Limit Order on the Exchange priced one Trading Collar or less away from the collared order) that improves the same side of the market as the collared order will result in the collared order being redisplayed at the new NBB (for buy orders) or NBO (for sell orders)'' [22] Consistent with the foregoing proposed rule text changes, the Exchange proposes to modify this provision to replace the words ''redisplayed at'' with ''assigned a new collar execution price equal to'' the NBB (for buy orders) or NBO (for sell orders), and to add to the end of this provision that the repriced orders would be ''processed at the updated collar execution price consistent with paragraphs (a)(4)(D) and (a)(5) above.'' [23] The ''new collar execution price'' reflects the updated price at which the collared order is eligible to trade based on changes in the market. This concept is consistent with the current rule except that the updated price is not (re)displayed until it has exhausted all trading opportunities within the Collar Range.
- The second scenario under the current rule provides that a Marketable Order to buy (sell) on the same side of the market as the collared order or a Limit Order to buy (sell) on the same side of the market as the collared order and priced greater than one Trading Collar above (below) the displayed price of the collared order will itself become subject to Trade Collar Protection and will result in the collared order and the Limit Order being displayed at one Trading Collar above (below) the displayed price of the collared order.[24] The Exchange proposes to modify this rule to remove reference to ''Marketable Orders to buy (sell) on the same side of the market as the collared orders,'' because the functionality has been updated such that a Market Order received when there is already a collared order would join that collared order (rather than be subject to a separate collar).[25] This proposed modification would make clear that this scenario is applicable solely to marketable Limit Orders received when there is already an order being collared. Consistent with the proposed textual changes to the first scenario, the Exchange likewise proposes to modify this provision to replace the words ''displayed at a price'' with ''assigned a new collar execution price'' one Trading Collar above or below the displayed price of the collared order, as applicable (at which new price it will be eligible to trade), and to add to the end of this provision that the repriced orders would be ''processed at the updated collar execution price consistent with paragraphs (a)(4)(D) and (a)(5) above.'' [26]
- The third scenario under the current rule provides that ''upon the expiration of one second, the collared order to buy (sell) will redisplay at a price one Trading Collar above (below) the displayed price of the collared order.'' [27] The Exchange proposes to modify this provision to add ''and absent an update to the NBBO'' after language regarding the expiration of one second to distinguish this scenario from the first scenario where a change in the market (*i.e.,* an update to the NBBO) caused the collared order to reprice (and potentially redisplay). Also, consistent with the other two scenarios, the Exchange proposes to modify this provision to replace the words ''redisplay at a price'' with ''assigned a new collar execution price'' one Trading Collar above or below the ''current displayed price'' of the collared order, as applicable, and to add to the end of this provision that the repriced orders would be ''processed at the update collar execution price consistent with paragraphs (a)(4)(D) and (a)(5) above.'' [28] Thus, the collared order to buy (sell) would be eligible to trade at a price for a period of one second, but if market conditions prevent it from trading, the order will improve or tick up (down) and be assigned a new collar execution price one Trading Collar above (below) the current display price.

The Exchange proposes to clarify the functionality under this (third) scenario, however to provide that ''if the collared order is a Market Order to sell that has reached $0.00, it will not reprice but will be posted in the Consolidated Book at its MPV (*e.g.,* $0.01 or $0.05),'' because an order may never be posted for lower than its MPV—and the alternative to holding the order at the MPV would be to cancel it.[29] The Exchange believes this proposed rule text, which reflects current functionality, would allow the collared order an opportunity for an execution (rather than being cancelled) and adds transparency and internal consistency to Exchange rules.

The Exchange also proposes to clarify the rule text regarding the priority of collared orders. Current Rule 967NY(a)(6) states that ''[a]ll orders for which Trade Collar Protection prevents immediate execution will be ranked based on time priority (with all other orders for which Trade Collar Protection prevents immediate execution).'' Because the current rule text does not make clear that such collared orders, like other non-collared orders, will be processed at each price in time priority, the Exchange proposes to clarify that such orders would be ''processed in accordance with Rule 964NY, Display, Priority and Order Allocation—Trading Systems.'' [30] This proposed change to reflect current functionality and adds clarity, transparency and internal consistency to Exchange rules.

* * * * *

Examples of Treatment of Collared Orders [31]

Example 1: Market Order Received When no Other Orders Being Collared [32]

BOX: 0 × 0 − 1.50 × 100 (wide market)
LMM 100 × 0.25 − 1.60 × 100
Cust1 Buy Market × 100

Results:

- Cust1 is assigned a collar execution price of 0.50 (*i.e.,* the NBB (0.25), plus one Trading Collar, which is 0.25 because the NBB is less than $2.00) [33]
- Each second that elapses in which Cust1 does not trade (and absent changes to the NBBO), the order receives a new collar execution price and is displayed at each successive collar—0.50, then 0.75, then 1.00 [34]

renumber the existing subparagraphs to proposed (a)(6) as (A)–(C) and existing paragraphs (a)(4)(D) and (a)(6) as proposed paragraphs (a)(7) and (a)(8), respectively. *See id.*

[22] *See* Rule 967NY(a)(4)(C)(i).

[23] *See* proposed Rule 967NY(a)(6)(A). The Exchange also proposes to add a semi-colon to separate the two clauses regarding what constitutes a market update event that updates the NBBO (*i.e.,* that it must be ''based on another market or a quote on the Exchange; or a Limit Order on the Exchange priced one Trading Collar or less away from the collared order''). *See id.*

[24] *See* Rule 967NY(a)(4)(C)(ii). Consistent with the Rule, this provision excludes IOC Orders, AON Orders, FOK Orders and NOW Orders. *See id.; see also* Rule 967NY(a)(3).

[25] *See* proposed Rule 967NY(a)(4)(A).

[26] *See* proposed Rule 967NY(a)(6)(B).

[27] *See* Rule 967NY(a)(4)(C)(iii).

[28] *See* proposed Rule 967NY(a)(6)(C).

[29] *See id.*

[30] *See* proposed Rule 967NY(a)(8).

[31] The Exchange notes that the processing of collared orders in examples 1–3 reflect current processing, but that, as noted above, the Exchange has clarified the rule text used to describe the processing (*i.e.,* reference to ''collar execution price'' versus ''display price'' as well as removing reference to ''last sale'' as the benchmark for determining display price and adding specificity about available trading interest impacting display price determination—which may or may not be the same as the last sale price, *see, e.g.,* Rule 967NY(a)(5)(A)).

[32] *See id.*

[33] *See* proposed Rule 967NY(a)(4(B) (regarding collar execution price for Market Orders) and (a)(2)(A)(i) (regarding Trading Collar).

[34] *See* proposed Rule 967NY(a)(6)(C) (regarding assignment of new collar execution price every one

Continued

- Once the order ticks up to receive a collar execution price of 1.25, it trades with BOX at 1.50 (as 1.50 is within the Collar Range, *i.e.,* contra-side interest within one Trading Collar above the collar execution price—resulting in a permissible execution range of 1.25 up to and including 1.50) [35]

Example 2: Limit Order Received When no Other Orders Being Collared [36]

BOX: 100 × 1.50 × 1.60 × 100
T2 Sell 100 @1.70
T3 Sell 100 @1.80
T4 Sell 100 @2.95
T1 Buy 1000 @3.00

Results:

- T1 is assigned a collar execution price of 1.60 (*i.e.,* the NBO) and is eligible to trade with interest within its Collar Range (*i.e.,* contra-side interest within one Trading Collar (0.25) above the collar execution price—resulting in a permissible execution range of 1.60 up to and including 1.85) [37]
  - T1 routes 100 to BOX and trades at 1.60
  - T1 trades 100 with T2 at 1.70
  - T1 trades 100 with T3 at 1.80
- Since T1 has traded with all eligible interest within the collar range, the balance of T1 (*i.e.,* the remaining 700) is assigned a collar execution price of 1.80 (the most recent execution price), is displayed at that price and is eligible to trade within the Collar Range [38]
- Each second that the T1 does not trade it receives a new collar execution price and is displayed at each successive collar (*i.e.,* 2.05 and then ticks up based on $0.40 collar—because price/NBB is over $2.00—to 2.45) [39]
  - Once at 2.85, T1 is eligible to trade within its Collar Range and trades 100 with T4 at 2.95
- The balance of T1 (*i.e.,* the remaining 600) is assigned a collar execution price of 2.95, is displayed at that price and is eligible to trade within the Collar Range [40]
- After one second, T1 is displayed at its limit price of 3.00 and will not be repriced/subject to further Trade Collar Protection[41]

Example 3: Limit Order Received When no Other Orders Being Collared [42]

MMQ 100 × 5.00 − 5.40 × 10 (NBBO)
BD1 Sell Limit Order 10 × 5.70
BD2 Sell Limit Order 10 × 5.95
BD3 Buy Limit Order 100 @6.00

Results:

- BD3 is assigned a collar execution price of 5.40 (*i.e.,* the NBO) and is eligible to trade with interest within its Collar Range (*i.e.,* contra-side interest within one Trading Collar (0.40 because the NBB does not exceed 5.00) above the collar execution price—resulting in a permissible execution range of 5.40 up to and including 5.80) resulting in the following executions:
  - BD3 trades 10 with MMQ at 5.40
  - BD3 trades 10 with BD1 at 5.70 [43]
- The balance of BD3 (*i.e.,* the remaining 80) is displayed at 5.40 rather than the most recent execution price of 5.70 (''last sale'') because there is contra-side interest priced within one Trading Collar of the last sale (*i.e.,* 5.95) [44]
- One second elapses, and BD3 receives a new collar execution price of 5.90 (*i.e.,* its collar execution price (5.40) plus one Trading Collar (0.50)) and is eligible to trade with interest within its Collar Range (*i.e.,* contra-side interest within one Trading Collar (0.50) above the collar execution price—resulting in a permissible execution range of 5.90 up to and including 6.40) resulting in the following execution:
  - BD4 trades 10 with BD2 at $5.95 [45]

Example 4: Market Order Received When the NBB is Zero and no Other Orders Being Collared (Illustrating the Proposed Zero NBBO Collar Exception) [46]

BOX: 0 × 0 − 1.50 × 100
Cust1 Buy Market Order x 100

Result:

- Cust1 is assigned a collar execution price of 0.25 (*i.e.,* the NBB (0.00), plus one Trading Collar which is 0.25 because the NBB is less than $2.00) [47]
- Each second that Cust1 does not trade (and absent changes to the NBBO), it receives a new collar execution price and is displayed at each successive collar (*i.e.,* 0.50, then 0.75, then 1.00) [48]
- Once the order ticks up to receive a collar execution price of 1.25, it seeks an execution within that collar range (*i.e.,* 1.25–1.50) and trades with BOX at 1.50.

* * * * *

Rule 953.1NY: LULD Rule

The Exchange proposes to update the Rule 953.1NY, Limit-Up and Limit-Down During Extraordinary Market Volatility, related to the Plan to Address Extraordinary Market Volatility Pursuant to Rule 608 of Regulation NMS (''LULD'' or the ''LULD Rule''). The current rule provides that the Exchange shall reject Market Orders, as defined in Rule 900.3NY(a), entered when the underlying NMS stock is either in a Limit State or a Straddle State (an ''LULD State'') and shall notify ATP Holders of the reason for such rejection.[49] The Exchange proposes to add rule text to make clear that the Exchange, under existing functionality, ''will cancel any Market Order that is a collared order pursuant to Rule 967NY(a)'' if the underlying NMS stock

second that the order does not trade as seconds elapse and NBBO does not change).

[35] *See* proposed Rule 967NY(a)(4)(D) (regarding Collar Range).

[36] *See supra* note 31.

[37] *See* proposed Rule 967NY(a)(4)(C) (regarding collar execution price for limit orders) and (a)(4)(D) (regarding Collar Range) and (a)(2)(A)(i) (regarding Trading Collar).

[38] *See* proposed Rule 967NY(a)(5)(A). *See also* Rule 967NY(a)(5)(A) (regarding collared order that has traded against all eligible interest in the collar range being displayed at the most recent execution price).

[39] *See* proposed Rule 967NY(a)(6)(C) (regarding assignment of new collar execution price every one second that the order does not trade as seconds elapse and NBBO does not change) and (a)(2)(A)(i) (regarding Trading Collar).

[40] *See also* Rule 967NY(a)(5)(A) (regarding collared order that has traded against all eligible interest in the collar range being displayed at the most recent execution price).

[41] *See* proposed Rule 967NY(a)(7) (regarding a limit order not being eligible to post beyond its limit price).

[42] *See supra* note 31.

[43] *See* proposed Rule 967NY(a)(4)(C) (regarding collar execution price for limit orders) and (a)(4)(D) (regarding Collar Range) and (a)(2)(A)(ii) (regarding Trading Collar).

[44] *See* proposed Rule 967NY(a)(5)(B) (regarding display price of partially executed collared order where there is contra-side interesting within on Trading Collar).

[45] *See* proposed Rule 967NY(a)(4)(C) (regarding collar execution price for limit orders) and (a)(4)(D) (regarding Collar Range) and (a)(2)(A)(ii) (regarding Trading Collar).

[46] *See supra* note 31.

[47] *See* proposed Rule 967NY(a)(4)(B)(i). *See also* current and proposed Rule 967NY(a)(2)(i).

[48] *See* proposed Rule 967NY(a)(6)(C) (regarding assignment of new collar execution price every one second that the order does not trade as seconds elapse and NBBO does not change) and (a)(2)(A)(i) (regarding Trading Collar).

[49] *See* Rule 953.1NY(a)(1). The Exchange notes that other exchanges provide for the cancellation or rejection of market orders in such circumstance. *See, e.g.,* CBOE Rule 6.3A(b)(1) (LULD rule citing Rule 6.2 regarding order handling); CBOE Rule 6.2, Interpretations and Policies .07 (providing that if the underlying security for an option class is in an LULD State when the class moves to opening rotation, then all market orders in the system will be cancelled, except market orders that are considered limit orders pursuant to CBOE Rule 6.13(b)(vi) and entered the previous trading day). *See also* NASDAQ Options Market (''NOM'') Ch. V, Sec. 3(d) (providing that if, after the opening, the underlying NMS stock for an option class is in an LULD State, NOM will reject market orders and notify its participants of the reason for such rejection).

enters an LULD State and ''will notify ATP Holders of the reason for such cancellation,'' as the current rule does not address this scenario.[50] A market order would typically trade upon arrival, unless collared and pending execution. The Exchange believes this proposed change would add clarity, transparency and internal consistency to Exchange rules as it makes clear that, in addition to rejecting a Market Order received when an underlying NMS stock is in an LULD State, the Exchange will likewise cancel a resting Market Order if an underlying NMS stock enters an LULD State.

Implementation

The Exchange will announce the Zero NBBO Collar exception in a Trader Update to be published no later than 60 days following the approval date of this rule.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) [51] of the Act, in general, and furthers the objectives of Section 6(b)(5),[52] in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanisms of a free and open market and a national market system.

Overall, the Exchange is proposing various changes that would promote just and equitable principles of trade, because collared 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 what types of orders may be collared and how such orders are processed, including the circumstances that determine collar execution price(s) and display price(s).

The Exchange believes that the proposed rule assists with the maintenance of fair and orderly markets by clarifying and enhancing the operation of the Trading Collar functionality—which is designed to mitigate the risk of orders sweeping through multiple price points and executing at potentially erroneous prices—as the proposed rule would continue to protect investors from receiving bad executions away from prevailing market prices. The Exchange notes that Trading Collar functionality is not new or novel and is available on other options exchanges.[53] The Exchange believes that the proposed changes that codify existing functionality, including how incoming marketable Limit Orders are collared and the cancellation of collared Market Orders—in the absence of Available Interest or if an NMS stock enters an LULD State—would add clarity, transparency and internal consistency to Exchange rules regarding the handling of orders accepted by the Exchange (*i.e.,* that such orders would be cancelled, not rejected) and make them easier for market participants to navigate and comprehend.

Further, the proposal to codify that the Exchange would cancel a Market Order or the balance thereof that has been collared once it has exhausted trading opportunities within its collar execution price plus/minus one Trading Collar if there is no Available Interest would protect investors from potentially erroneous executions because this scenario means the Exchange would have no reliable price framework within which to evaluate the collared orders. Thus, this proposal would foster cooperation and coordination with persons engaged in facilitating transactions in securities, and remove impediments to and perfect the mechanism of a free and open market and a national market system.

The Exchange believes that the proposal to codify current functionality regarding a collared order that is a Market Order to sell that has reached $0.00 such that the Exchange post the order at its MPV (*e.g.,* $0.01 or $0.05) would promote just and equitable principles of trade and assist with the maintenance of fair and orderly markets because an order may never be posted for lower than its MPV—and the alternative to holding the order at the MPV would be to cancel it. The Exchange believes the proposed clarification of how such orders are handled provides the collared order an opportunity for an execution (rather than being cancelled) and adds transparency and internal consistency to Exchange rules.

The Exchange likewise believes that the proposed enhancements to the Trading Collar functionality—the Zero NBBO Collar Exception—likewise would prevent fraudulent and manipulative acts and practices, promote just and equitable principles of trade, and remove impediments to and perfect the mechanisms of a free and open market and a national market system. In particular, the proposed Zero NBBO Collar Exception would improve the operation of the Trading Collar when the prevailing market is zero (indicating market dislocation) at the time an incoming Market Order arrives. The Exchange believes the Zero NBBO Collar Exception would improve the operation of Trading Collars when the prevailing market is zero (indicating market dislocation) at the time an incoming Market Order arrives. Absent the proposed Zero NBBO Collar Exception, a Market Order to buy (sell) that arrives when the NBB (NBO) is zero would trade based on the last sale price, if any; if there is no last sale price, the order would trade at the contra-side NBBO which may result in a bad execution price. In regards to the proposal to reject (as opposed to collar) incoming sell orders when the NBO is zero, the Exchange believes this change in functionality is necessary because any attempt to collar such an order would result in a negative number. In addition, the Exchange has observed that it is extremely uncommon to have a no (zero) offer situation and believes it could be indicative of unstable market conditions. To avoid such orders receiving bad executions in times of market dislocation, the Exchange believes it would be appropriate to reject such orders. Thus, the Zero NBBO Exception helps maintain fair and orderly markets.

LULD

The Exchange believes it is appropriate that the Exchange cancel a Market Order that is collared when an NMS stock enters an LULD State because when the underlying NMS

[50] *See* proposed Rule 953.1NY(a)(1). For consistency, the Exchange proposes the technical change of replacing ''shall'' with ''will'' each time in appears in this rule. *See* proposed Rule 953.1NY.

[51] 15 U.S.C. 78f(b).

[52] 15 U.S.C. 78f(b)(5).

[53] *See, e.g.,* CBOE Rule 6.13(b)(v) (setting forth its Hybrid Trading System Automatic Execution Feature, which prevents the execution of marketable orders if (a) the width of the NBB and NBO is not within an ''acceptable price range'' (as determined by CBOE) or (b) if an execution would follow a partial execution and would be beyond an ''acceptable tick distance'' (as determined by CBOE), but unlike Trade Collar Protection on the Exchange, CBOE does not reprice (or redisplay) orders at narrowing prices. In addition, the NASDAQ Options Market (''NOM'') and NASDAQ OMX BX (''BX'') each have identical rules (Chapter VI, Section 18(b)(1) (setting forth the risk protection feature for quotes and orders, which prevents executions (partial or otherwise) of orders beyond an ''acceptable trade range'' (as calculated by the exchange) and when an order (or quote) reaches the limits of the ''acceptable trade range'', it posts for a period not to exceed one second and recalculated a new ''acceptable trade range'').

stock enters an LULD State, there may not be a reliable underlying reference price, there may be a wide bid/ask quotation differential in the option, and there may be less liquidity in the options markets. Thus, allowing a collared Market Order to execute (as opposed to cancel) in such circumstances could lead to executions at unintended prices (*i.e.,* inferior to the NBBO), and could add to volatility in the options markets during times of extraordinary market volatility. The Exchange believes that this current treatment of collared market orders, and the proposal to explicitly state this treatment in the rule text, would provide certainty to the treatment of Market Orders during these times and add clarity and transparency to Exchange rules, thus promoting just and equitable principles of trade and removing impediments to, and perfecting the mechanism of, a free and open market and a national market system. The proposed rule amendments would also provide internal consistency within Exchange rules and operate to protect investors and the investing public by making the Exchange rules easier to navigate and comprehend. The Exchange notes that the proposed cancellation of an options order if the underlying NMS security is in an LULD State is not new or novel and is available on other options exchanges that offer collar functionality similar to the Exchange's.[54] However, the Exchange believes that the rules of these other exchanges do not specifically contemplate the underlying security *entering* an LULD state while a market order is resting on the book, because such orders typically execute on arrival. The Exchange nonetheless believes that the handling such orders, as well as the proposed rule clarification, adds transparency and specificity to Exchange rules.

Technical Changes

The Exchange notes that the proposed organizational and non-substantive changes to the rule text would provide clarity and transparency to Exchange rules and would promote just and equitable principles of trade and remove impediments to, and perfect the mechanism of, a free and open market and a national market system. The proposed rule amendments would also provide internal consistency within Exchange rules and operate to protect investors and the investing public by making the Exchange rules easier to navigate and comprehend.

[54] *See supra* note 49.

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

The Exchange does not believe that this proposed rule change would impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. Instead, the Exchange believes the proposal provides clarity (including defining the collar execution price) and enhancement to the Trading Collars that provide market participants with protection from anomalous executions. Thus, the Exchange does not believe the proposal creates any significant impact on competition.

The proposed enhancements to the Trading Collars (*i.e.,* the Zero NBBO Collar Exception) would improve the operation of the Trading Collars thereby further protecting investors against the execution of orders at erroneous prices. As such, the proposal does not impose any burden on competition. To the contrary, the Exchange believes that the proposed enhancements may foster more competition. Specifically, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues. The Exchange's proposed rule change would enhance its ability to compete with other exchanges that already offer similar trading collar functionality.[55] Thus, the Exchange believes that this type of competition amongst exchanges is beneficial to the market place as a whole as it can result in enhanced processes, functionality, and technologies. The Exchange further believes that because the proposed rule change would be applicable to all ATP Holders it would not impose any burden on intra-market competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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:

[55] *See id.*

(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–2019–30 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–2019–30. 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 website (*http://www.sec.gov/rules/sro.shtml*). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR–NYSEAMER–2019–30 and should be submitted on or before September 24, 2019.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[56]

Jill M. Peterson,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–86772; File No. SR–CBOE–2019–042]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Rules Related to How the System Handles Incoming Orders and Open Outcry Trading in Connection With the Migration of the Exchange's Trading Platform to the Same System Used by the Cboe Affiliated Exchanges

August 27, 2019.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the ''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on August 9, 2019, Cboe Exchange, Inc. (the ''Exchange'' or ''Cboe Options'') 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 Exchange. The Exchange filed the proposal as a ''non-controversial'' proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act[3] and Rule 19b–4(f)(6) thereunder.[4] 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

Cboe Exchange, Inc. (the ''Exchange'' or ''Cboe Options'') proposes to amend certain Rules related to how the System[5] handles incoming orders and open outcry trading, as well as move these Rules from the currently effective Rulebook (''current Rulebook'') to the shell structure for the Exchange's Rulebook that will become effective upon the migration of the Exchange's trading platform to the same system used by the Cboe Affiliated Exchanges (as defined below) (''shell Rulebook''). The text of the proposed rule change is provided in Exhibit 5.

The text of the proposed rule change is also available on the Exchange's website (*http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx*), at the Exchange's Office of the Secretary, 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 Exchange 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 these 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 aspects of such statements.

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

1. Purpose

In 2016, the Exchange's parent company, Cboe Global Markets, Inc. (formerly named CBOE Holdings, Inc.) (''Cboe Global''), which is also the parent company of Cboe C2 Exchange, Inc. (''C2''), acquired Cboe EDGA Exchange, Inc. (''EDGA''), Cboe EDGX Exchange, Inc. (''EDGX'' or ''EDGX Options''), Cboe BZX Exchange, Inc. (''BZX'' or ''BZX Options''), and Cboe BYX Exchange, Inc. (''BYX'' and, together with Cboe Options, C2, EDGX, EDGA, and BZX, the ''Cboe Affiliated Exchanges''). The Cboe Affiliated Exchanges are working to align certain system functionality, retaining only intended differences between the Cboe Affiliated Exchanges, in the context of a technology migration. Cboe Options intends to migrate its trading platform to the same system used by the Cboe Affiliated Exchanges, which the Exchange expects to complete on October 7, 2019. In connection with this technology migration, the Exchange has a shell Rulebook that resides alongside its current Rulebook, which shell Rulebook will contain the Rules that will be in place upon completion of the Cboe Options technology migration.

Currently, the Exchange has an order handling system that determines how to handle incoming orders. The order handling system routes orders for automatic execution, book entry, open outcry, or manual handling (by a Floor Broker or PAR Official).[6] How the System handles an order depends on whether an order is eligible for electronic processing (*i.e.,* eligible for automatic execution or book entry) or the Trading Permit Holder's instructions on the order (*e.g.,* a Trading Permit Holder may route an order directly to a PAR workstation[7] for manual handling and potential open outcry trading). Additionally, certain Rules provide that an order will route for manual handling if it does not execute pursuant to those Rules.[8] The Exchange's new trading platform will not have an order handling system, and therefore deletes the majority of provisions in current Rule 6.12 and other provisions regarding the order handling system. Instead, the System will handle orders in accordance with their instructions. Certain orders will be eligible for electronic processing, while other orders will be eligible for manual handling and open outcry trading, as set forth in the proposed Rules and described below.

The proposed rule change adds the following order instructions to Rule 5.6 in the shell Rulebook:

- A ''Default'' order is an order a User designates for electronic processing, and which order (or unexecuted portion) routes to PAR for manual handling if not eligible for electronic processing.
- A ''Direct to PAR'' order is an order a User designates to be routed directly to a specified PAR workstation for manual handling. A User must

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[56] 17 CFR 200.30–3(a)(12).

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

[2] 17 CFR 240.19b–4.

[3] 15 U.S.C. 78s(b)(3)(A)(iii).

[4] 17 CFR 240.19b–4(f)(6).

[5] The term ''System'' means the Exchange's hybrid trading platform that integrates electronic and open outcry trading of option contracts on the Exchange, and includes any connectivity to the foregoing trading platform that is administered by or on behalf of the Exchange, such as a communications hub. *See* Rule 1.1 in the current Rulebook and the shell Rulebook.

[6] *See* current Rule 6.12.

[7] A PAR workstation is an order management tool used on the Exchange's trading floor by Trading Permit Holders or PAR Officials (whose responsibilities are described in current Rule 6.12B (which the proposed rule change moves to proposed Rule 5.90)) to facilitate manual handling of orders and open outcry trading.

[8] *See, e.g.,* Rule 6.12(a)(1) (which provides any remaining balance of an order that does not automatically execute are cannot enter the Book will route to a PAR workstation or order management terminal). Upon the migration of the trading platform, the Exchange will no longer offer order management terminals (as all Floor Brokers have PAR workstations on the trading floor, and order management terminals provide similar order management functionality), so all orders routed for manual handling will route to a PAR workstation.