

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-NYSE-2021-29 and should be submitted on or before June 1, 2021.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>20</sup>

**J. Matthew DeLesDernier,**  
Assistant Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-91779; File No. SR-NYSEAMER-2021-05]

### Self-Regulatory Organizations; NYSE American, LLC.; Order Granting Approval of a Proposed Rule Change, as Modified by Amendment No. 1, To Amend Rule 970NY and Rule 970.1NY To Eliminate the Use of Dark Series on the Exchange

May 5, 2021.

#### I. Introduction

On January 26, 2021, NYSE American, LLC (“NYSE American” or the “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 amend Rule 970NY (“Firm Quotes”) and Rule 970.1NY (“Quote Mitigation”) to eliminate the use of “dark” series on the Exchange. The proposed rule change was published for comment in the **Federal Register** on February 8, 2021.<sup>3</sup> On March 18, 2021, pursuant to Section 19(b)(2) of the Act,<sup>4</sup> the Commission designated a longer period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to approve or disapprove the proposed rule change.<sup>5</sup> On April 27,

2021, the Exchange filed Amendment No. 1 to the proposed rule change.<sup>6</sup> The Commission received no comment letters on the proposal. This order approves the proposed rule change, as modified by Amendment No. 1.

#### II. Description of the Proposed Rule Change, as Modified by Amendment No. 1

Currently, NYSE American Rule 970NY (“Firm Quotes”) requires the Exchange to collect, process, and make available to quotation vendors the best bid and best offer for each option series that is a reported security unless the series is subject to an approved quote mitigation plan.<sup>7</sup> Pursuant to the quote mitigation plan set forth in NYSE American Rule 970.1NY, the Exchange only disseminates quotes in “active” series.<sup>8</sup> A series is considered active if the series: (i) Has traded on any options exchange in the previous 14 calendar days; (ii) is solely listed on the Exchange; (iii) has been trading ten days or less; or (iv) is a series in which the Exchange has an order.<sup>9</sup> In addition, a series may be considered active on an intraday basis if: (i) The series trades at any options exchange; (ii) the Exchange receives an order in the series; or (iii) the Exchange receives a request for

designated May 9, 2021, as the date by which it should approve, disapprove, or institute proceedings to determine whether to approve or disapprove the proposed rule change.

<sup>6</sup> In Amendment No. 1, the Exchange provided data that showed that during the eighteen (18) trading days between March 1, 2021 and March 24, 2021, quotes in dark series accounted for 2.43% of NYSE Arca, Inc. (“NYSE Arca”) quotes and 1.99% of NYSE American quotes, and quotes in dark series averaged 0.174% on NYSE Arca and 0.190% on NYSE American when compared to the total OPRA disseminated quotes during the same period. The Exchange also stated that on March 4, 2021 and March 5, 2021, OPRA processed the most messages in its history and provided data that shows that on March 4th, quotes in dark series from NYSE Arca and NYSE American combined for 0.5095% compared to OPRA message traffic. On March 5th, quotes in dark series from NYSE Arca and NYSE American combined for 0.2562% when compared to OPRA quote volume. The Exchange concluded that eliminating the suppression of quotes in dark series would result in a *de minimis* increase in quotes sent by NYSE Arca and NYSE American to OPRA and have essentially no impact on messaging at an industry level. Because Amendment No. 1 to the proposed rule change does not materially alter the substance of the proposed rule change, Amendment No. 1 is not subject to notice and comment. Amendment No. 1 is available on the Commission’s website at: <https://www.sec.gov/comments/sr-nyseamer-2021-05/srnyseamer202105-8730999-237044.pdf>.

<sup>7</sup> See NYSE American Rule 970NY(b)(1).

<sup>8</sup> The quote mitigation plan set forth in NYSE American Rule 970.1NY was adopted in conformance with NYSE Arca’s similar quote mitigation rule, which was adopted in connection with the Penny Pilot Program, a program which was subsequently approved on a permanent basis in 2020. See Notice, *supra* note 3, at 8659.

<sup>9</sup> See NYSE American Rule 970.1NY.

quote from a customer in that series.<sup>10</sup> Any options series that does not meet the definition of an active series is deemed to be an inactive or “dark” series. Consequently, under the Exchange’s current rules, although the Exchange accepts quotes from ATP Holders in all series, the only quote messages the Exchange disseminates to the Options Price Reporting Authority (“OPRA”) are quotes for active series.<sup>11</sup> The Exchange proposes to delete NYSE American Rule 970.1NY. Therefore, the proposed rule change would eliminate the distinction between active and dark series, and thus require quotes in all series to be disseminated to OPRA.<sup>12</sup>

#### III. Discussion and Commission Findings

The Commission finds that the proposed rule change, as modified by Amendment No. 1, is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.<sup>13</sup> In particular, the Commission finds that the proposed rule change, as modified by Amendment No. 1, is consistent with Section 6(b)(5) of the Act,<sup>14</sup> which requires that the rules of an exchange be designed, among other things, 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 regulating and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest.

In support of its proposal, the Exchange states the proposed rule change would increase transparency, enhance price discovery, and alleviate potential confusion among market participants regarding what quotes are being published in the disseminated quote feed and what quotes are being suppressed.<sup>15</sup> According to the

<sup>10</sup> See NYSE American Rule 970.1NY.

<sup>11</sup> See Notice, *supra* note 3, at 8659. See also Amendment No. 1, *supra* note 6 (providing data to support the Exchange’s conclusion that eliminating the suppression of quotes in dark series would result in a *de minimis* increase in quotes sent by NYSE Arca and NYSE American to OPRA and would have essentially no impact on messaging at an industry level).

<sup>12</sup> See Notice, *supra* note 3, at 8659.

<sup>13</sup> In approving this proposed rule change, as modified by Amendment No. 1, the Commission has considered the proposed rule’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>14</sup> 15 U.S.C. 78f(b)(5).

<sup>15</sup> See Notice, *supra* note 3, at 8660 (stating that “over the years, certain market participants have

Continued

<sup>20</sup> 17 CFR 200.30-3(a)(12).

<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. 91039 (February 2, 2021), 86 FR 8659 (“Notice”).

<sup>4</sup> 15 U.S.C. 78s(b)(2).

<sup>5</sup> See Securities Exchange Act Release No. 91355, 86 FR 15733 (March 24, 2021). The Commission

Exchange, discontinuing the use of the quote mitigation plan set forth in NYSE American 970.1NY would result in all Market Maker quotes (including those currently being suppressed because they are considered inactive) being displayed and reflected in the market, benefitting market participants by providing notice of such liquidity and removing the element of potential confusion.<sup>16</sup>

Further, the Exchange states the proposed rule change would not change the amount of capacity needed at OPRA to accommodate the inclusion of quotes in dark series because the Exchange already includes such quotes in the Exchange's current capacity planning requests to OPRA.<sup>17</sup> According to the Exchange, the proposal would not impact market participants or downstream users that consume Exchange or OPRA data because the quote capacity information OPRA currently publishes already reflects quotes in dark series because they are part of the Exchange's current capacity request.<sup>18</sup> Thus, according to the Exchange, market participants (including data vendors and subscribers) currently have the opportunity to prepare for and make necessary accommodations for anticipated quote traffic (including quotes in dark series).<sup>19</sup> Further, the Exchange anticipates that the proposed increase in quote message traffic due to the dissemination of quotes in inactive series is likely to be minimal and therefore unlikely to impact the flow of message traffic and/or harm downstream consumers of OPRA data.<sup>20</sup> In support of this assertion, the Exchange states that on the two trading days that OPRA processed the most messages in its history (March 4, 2021 and March 5, 2021), quotes in dark series from NYSE Arca and NYSE American combined were only 0.5095% and 0.2562%, respectively, compared to OPRA message traffic.<sup>21</sup> Finally, the Exchange states its additional existing

quote mitigation strategies are sufficient to continue to mitigate quote traffic.<sup>22</sup>

The Commission believes that eliminating the exclusion of inactive or dark series from the requirements of NYSE American Rule 970NY should increase transparency and may enhance opportunities for price discovery. Publishing all quotes (not just those in active series) in the disseminated quote feed may benefit market participants because it will provide notice of additional liquidity. Further, because the Exchange currently includes Market Maker quotes in inactive series in its capacity planning request to OPRA<sup>23</sup> and because publication of dark quotes from both the Exchange and NYSE Arca combined would result in a percentage increase in OPRA disseminated quotes that is *de minimis* according to the Exchange's data,<sup>24</sup> the Commission believes that dissemination of these quotes as part of the Exchange's quote feed to OPRA is not likely to negatively impact systems capacity. In addition, the Exchange has existing additional quote mitigation strategies that also serve to reduce the potential for excessive quoting.<sup>25</sup>

Accordingly, for the reasons set forth above, the Commission finds that the proposed rule change, as modified by Amendment No.1, is consistent with Section 6(b)(5) of the Act<sup>26</sup> and the rules and regulations thereunder applicable to a national securities exchange.

#### IV. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>27</sup> that the proposed rule change (SR-NYSEAMER-2021-05), as modified by Amendment No. 1, hereby is approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>28</sup>

**J. Matthew DeLesDernier,**

*Assistant Secretary.*

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expressed confusion regarding what quotes are being published and which are being suppressed").

<sup>16</sup> See Notice, *supra* note 3, at 8660.

<sup>17</sup> See Notice, *supra* note 3, at 8660. The Exchange represents that it has always factored the total quote traffic it receives from Market Makers, including quotes in dark series, when making its capacity requests to OPRA. Specifically, the Exchange "presumes that all series will be active and therefore requests capacity to accommodate sending quotes in all series to OPRA." *Id.*

<sup>18</sup> See Notice, *supra* note 3, at 8660.

<sup>19</sup> See *id.*

<sup>20</sup> See *id.* at 8661. See also Amendment No.1, *supra* note 6.

<sup>21</sup> See Amendment No.1, *supra* note 6.

<sup>22</sup> See Notice, *supra* note 3, at 8660 (discussing three quote mitigation strategies the exchange currently employs to reduce the potential for excessive quoting and to reduce quote traffic).

<sup>23</sup> See *id.* at 8660.

<sup>24</sup> See Amendment No.1, *supra* note 6. In addition, the Exchange states that there is sufficient capacity at OPRA to accommodate any additional quote traffic that will result from the elimination of dark series. See Notice, *supra* note 3, at 8660. The Exchange further notes that it does not believe its proposal will impact any other exchange's capacity at OPRA. See *id.* at 8660 n.8.

<sup>25</sup> See Notice, *supra* note 3, at 8660.

<sup>26</sup> 15 U.S.C. 78f(b)(5).

<sup>27</sup> 15 U.S.C. 78s(b)(2).

<sup>28</sup> 17 CFR 200.30-3(a)(12).

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-91777; File No. SR-PEARL-2021-19]

### Self-Regulatory Organizations; MIAx PEARL, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Exchange Rule 404 To Limit Short Term Options Series Intervals Between Strikes

May 5, 2021.

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on April 22, 2021, MIAx PEARL, LLC ("MIAx Pearl") or the "Exchange") filed with the Securities and Exchange Commission ("Commission") a proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. 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 is filing a proposal to amend Exchange Rule 404, Series of Option Contracts Open for Trading.

The text of the proposed rule change is available on the Exchange's website at <http://www.miaxoptions.com/rule-filings/pearl> at MIAx Pearl's principal office, 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

The Exchange proposes to amend Rule 404, Series of Option Contracts Open for Trading. Specifically, this

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

<sup>2</sup> 17 CFR 240.19b-4.