

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–89502; File No. SR–PEARL–2020–03]

### Self-Regulatory Organizations; MIAx PEARL, LLC; Notice of Designation of Longer Period for Commission Action on Proceedings To Determine Whether To Approve or Disapprove a Proposed Rule Change, as Modified by Amendment No. 1, To Establish Rules Governing the Trading of Equity Securities

August 6, 2020.

On January 24, 2020, MIAx PEARL, LLC (“MIAx PEARL” 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 rules to govern the trading of cash equities and establish an equities trading facility of the Exchange. The proposed rule change was published for comment in the **Federal Register** on February 12, 2020.<sup>3</sup> On March 25, 2020, pursuant to Section 19(b)(2) of the Act,<sup>4</sup> the Commission extended the time 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, to May 12, 2020.<sup>5</sup> On May 8, 2020, the Exchange filed Amendment No. 1 to the proposed rule change.<sup>6</sup> On May 12, 2020, the Commission published notice of Amendment No. 1 and instituted

proceedings pursuant to Section 19(b)(2)(B) of the Act<sup>7</sup> to determine whether to approve or disapprove the proposed rule change, as modified by Amendment No. 1.<sup>8</sup> The Commission has received no comment letters on the proposed rule change, as modified by Amendment No. 1.

Section 19(b)(2) of the Act<sup>9</sup> provides that, after initiating proceedings, the Commission shall issue an order approving or disapproving the proposed rule change not later than 180 days after the date of publication of notice of filing of the proposed rule change. The Commission may extend the period for issuing an order approving or disapproving the proposed rule change, however, by not more than 60 days if the Commission determines that a longer period is appropriate and publishes the reasons for such determination. The proposed rule change was published for notice and comment in the **Federal Register** on February 12, 2020.<sup>10</sup> August 10, 2020 is 180 days from that date, and October 9, 2020 is 240 days from that date.

The Commission finds it appropriate to designate a longer period within which to issue an order approving or disapproving the proposed rule change, as modified by Amendment No. 1, so that it has sufficient time to consider the proposed rule change, as modified by Amendment No. 1. Accordingly, the Commission, pursuant to Section 19(b)(2) of the Act,<sup>11</sup> designates August 24, 2020 as the date by which the Commission should either approve or disapprove the proposed rule change (File No. SR–PEARL–2020–03), as modified by Amendment No. 1.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>12</sup>

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

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–89499; File No. SR–NYSE–2020–55]

### Self-Regulatory Organizations; New York Stock Exchange LLC; Order Granting Approval of a Proposed Rule Change To Amend Rules 7.36 and 7.37 Relating to Setter Priority and Allocation

August 6, 2020.

#### I. Introduction

On June 24, 2020, New York Stock Exchange, Inc. (“NYSE” 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 amend NYSE Rules 7.36 and 7.37 relating to Setter Priority and Allocation. The proposed rule change was published for comment in the **Federal Register** on June 30, 2020.<sup>3</sup> The Commission has received no comments on the proposed rule changes. The Commission is approving the proposed rule changes.

#### II. Description of the Proposed Rule Change

The Exchange proposes to modify the current operation of Setter Priority on the Exchange by changing the definition of orders eligible for Setter Priority and by changing the allocation that orders Setting Priority of contra-side Aggressing Orders.<sup>4</sup>

Currently, NYSE Rule 7.36(h) provides that an order may be assigned Setter Priority by (1) setting a new Best Bid or Offer (“BBO”) on the Exchange and (2) joining or setting the National Best Bid or Offer (“NBBO”), provided that such an order will not be eligible for Setter Priority if there is an odd-lot sized order with Setter Priority at that price.<sup>5</sup> Proposed NYSE Rule 7.36(h) would be amended to provide that an order is eligible for Setter Priority only if it sets a new NBBO.<sup>6</sup>

Currently, under NYSE Rule 7.37(b)(1), an order with Setter Priority equal to the BBO is eligible for a 15% allocation of an Aggressing Order

<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. 89205 (June 30, 2020), 85 FR 40715 (June 30, 2020) (“Notice”).

<sup>4</sup> An “Aggressing Order” is defined as a buy (sell) order that is or becomes marketable against a sell (buy) interest on the Exchange Book. See NYSE Rule 7.36(a)(6).

<sup>5</sup> See Notice, *supra* note 3, 85 FR at 40716.

<sup>6</sup> See *id.* at 40715–16.

<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. 88132 (February 6, 2020), 85 FR 8053 (February 12, 2020) (“Notice”).

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

<sup>5</sup> See Securities Exchange Act Release No. 88476 (March 25, 2020), 85 FR 17929 (March 31, 2020).

<sup>6</sup> In Amendment No. 1 the Exchange: (i) Deleted the definition of “Equity Securities” from proposed Exchange Rule 1901 and made corresponding changes throughout the proposed Exchange Rules to eliminate unnecessary confusion; (ii) substituted references to “PEARL Equities” with “MIAx PEARL Equities” throughout the proposed Exchange Rules; (iii) updated proposed Exchange Rule 2622 (Limit Up-Limit Down Plan and Trading Halts) regarding a Level 3 Market Decline to conform it to recent changes made by each of the national securities exchanges that trade equities and the Financial Industry Regulatory Authority (“FINRA”), and made a corresponding change to proposed Exchange Rule 2615 (Opening Process); and (iv) modified proposed Exchange Rule 2617(a)(4)(C) and (D) to account for the potential for orders to post and rest at prices that cross contra-side liquidity and also to correct a typographical error in proposed Exchange Rule 2617(a)(4)(D). Amendment No. 1 is available on the Commission’s website at: <https://www.sec.gov/comments/sr-pearl-2020-03/srpearl202003-7168815-216600a.pdf>.

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

<sup>8</sup> See Securities Exchange Act Release No. 88859 (May 12, 2020), 85 FR 29759 (May 18, 2020).

<sup>9</sup> 15 U.S.C. 78s(b)(2).

<sup>10</sup> See Notice, *supra* note 3.

<sup>11</sup> 15 U.S.C. 78s(b)(2).

<sup>12</sup> 17 CFR 200.30–3(a)(57).