

Rules governing customer accounts, margin requirements and trading halt procedures.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act as options on the Mini-RUT Index satisfy initial listing standards set forth in the Rules, and MRUT options will be equally available to all market participants who wish to trade such options. The proposed number and type of expirations (*i.e.*, standard, Nonstandard, and QIXs), settlement (standard A.M.), exercise style, application of no position and exercise limits, minimum increments, and strike price intervals and limitations will apply in the same manner to all options traded on the Mini-RUT Index. In addition to this, the Exchange notes that the proposed initial low Market-Maker appointment cost for Mini-RUT Index options will apply equally to all Market-Makers with an appointment in MRUT options and will promote competition by incentivizing more Market-Makers to obtain an appointment in the newly listed class, resulting in liquidity and competitive pricing within the class.

The Exchange does not believe that the proposal to list and trade options on the Mini-RUT Index, and the proposed rules governing the trading of MRUT options on the Exchange, will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because options on the RUT Index, including reduced-value options as proposed, are proprietary Exchange products. To the extent that the advent of MRUT options trading on the Exchange may make the Exchange a more attractive marketplace to market participants at other exchanges, such market participants are free to elect to become market participants on the Exchange. As noted above, other option products related to the RUT Index, such as ETFs based on the RUT Index (*e.g.*, IWM and VTWO) and E-mini RUT Index futures products, are listed for trading on other exchanges.

The Exchange believes that the proposal to list and trade MRUT options and the proposed rules that will govern the trading of MRUT options on the Exchange will promote competition by

providing investors with a relatively low-cost means to hedge their portfolios with a smaller outlay of capital and may facilitate overall participation in the market for RUT options, which may help to maintain the depth and liquidity of the market for RUT options, to the benefit of all investors.

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

The Exchange neither solicited nor received comments on the proposed rule change.

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

Because the foregoing proposed rule change does not:

A. Significantly affect the protection of investors or the public interest;

B. Impose any significant burden on competition; and

C. become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>49</sup> and Rule 19b-4(f)(6)<sup>50</sup> thereunder. At any time within 60 days of the filing of the 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 will institute proceedings 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-CBOE-2020-118 on the subject line.

#### *Paper Comments*

- Send paper comments in triplicate to Secretary, Securities and Exchange

<sup>49</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>50</sup> 17 CFR 240.19b-4(f)(6).

Commission, 100 F Street NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-CBOE-2020-118. 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-CBOE-2020-118 and should be submitted on or before January 19, 2021.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>51</sup>

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

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**BILLING CODE 8011-01-P**

## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-90747; File No. SR-DTC-2020-019]

### **Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing of Proposed Rule Change To Update the Distributions Service Guide**

December 21, 2020.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934

<sup>51</sup> 17 CFR 200.30-3(a)(12).

(“Act”)<sup>1</sup> and Rule 19b–4 thereunder,<sup>2</sup> notice is hereby given that on December 9, 2020, The Depository Trust Company (“DTC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II and III below, which Items have been prepared by the clearing agency. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

### **I. Clearing Agency’s Statement of the Terms of Substance of the Proposed Rule Change**

The proposed rule change<sup>3</sup> consists of amendments to the DTC Corporate Actions Distributions Service Guide (“Distributions Guide”)<sup>4</sup> to (i) more clearly explain the interim accounting process, generally; (ii) provide an explanation for the interim accounting process for a security being delisted; (iii) change how DTC manages interim accounting when an ex-date<sup>5</sup> is changed due to an unscheduled closure of a stock exchange; (iv) remove the statements that (A) DTC’s U.S. Tax Withholding (“UTW”) service is available to subaccounts of U.S. Participants, and (B) users of the UTW service must enter into a Withholding Agent Agreement; (v) update the copyright date in the Important Legal Information section; and (vi) make certain conforming and technical changes, as described in greater detail below.

### **II. Clearing Agency’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change**

In its filing with the Commission, the clearing agency 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 clearing agency has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

#### *(A) Clearing Agency’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change*

##### **1. Purpose**

The purpose of the proposed rule change is to update the Distributions Guide to (i) more clearly explain the interim accounting process, generally; (ii) provide an explanation for the interim accounting process for a security being delisted; (iii) change how DTC manages interim accounting when an ex-date is changed due to an unscheduled closure of a stock exchange; (iv) remove the statements that (A) the UTW service is available to subaccounts of U.S. Participants, and (B) users of the UTW service must enter into a Withholding Agent Agreement; (v) update the copyright date in the Important Legal Information section; and (vi) make certain conforming and technical changes.

##### **Interim Accounting**

Interim accounting is an important part of the entitlements and allocations process for distributions. The interim period (also referred to as the due bill period) is the period during which a settling trade has due bills attached to it. A due bill is an indication of a seller’s obligation to deliver a pending distribution (e.g., cash dividend, stock dividend, interest payment, etc.) to the buyer in a securities transaction. For distributions that are the subject of a due bill, the interim period extends from the Interim Accounting Start Date (i.e., record date +1)<sup>6</sup> up to the Due Bill Redemption Date (which is typically ex-date +1 for equities and payable date – 1 for debt).<sup>7</sup>

Normally, the registered holder of a security on the close of business on the record date is entitled to the distribution. There are times, however, when that is not the case. Such times generally fall into two categories. First, for equity issues, there are times when the listed exchange will declare an ex-date that is not one business day prior to the record date (e.g., an ex-date that equals payable date +1). At such times, a buyer is entitled to the distribution when the registered holder of an equity issue sells the security prior to the ex-date. Second, for most bonds, the buyer of the security is entitled to the interest

payment (i.e., the distribution) on trades that settle up to and including the day before the payable date, even though the buyer is not the record date holder.

Without DTC’s interim accounting process, due-bill processing can be more cumbersome. For example, trades that settle after the record date “with distribution,” thus entitling the buyer to the distribution, will have a due bill attached to them (i.e., the seller owes the buyer the distribution). Without DTC’s interim accounting process, the distribution will need to be handled between the seller and the buyer outside of DTC’s distribution processing service, potentially in the form of a payment order, wire or postdated check equal to the amount of the distribution.

With DTC’s interim accounting process, during a due bill period, DTC will track all settled activity, where the receiver (typically a buyer) is entitled to a distribution, and adjust Participants’ record-date positions, crediting the receiver (typically a buyer) and debiting the deliverer (typically a seller) the distribution amount.<sup>8</sup> This process helps ensure accurate payment on the payable date and eliminate time-consuming, costly paper processing.

In order to provide a clearer understanding of the interim accounting process, generally, DTC proposes to update the Distributions Guide to better reflect the description provided here.

##### **Interim Accounting on a Security Being Delisted**

Listed exchanges are often unable to announce an ex-date that is on or after the date the corresponding security is being delisted. In these instances, if the listed exchange does not declare an ex-date, but it provides direction that trades in that security up to a specified date include the distribution, then DTC will capture interim accounting based on the exchange’s direction.<sup>9</sup>

Following an exchange’s direction in such circumstances has been a longstanding DTC practice; however, that practice is not clearly described in the Distributions Guide. As such, DTC proposes to update the Distributions Guide to reflect the description provided here.

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

<sup>2</sup> 17 CFR 240.19b–4.

<sup>3</sup> Capitalized terms not defined herein are defined in the Rules, By-Laws and Organization Certificate of DTC (“Rules”) available at [http://www.dtcc.com/~media/Files/Downloads/legal/rules/dtc\\_rules.pdf](http://www.dtcc.com/~media/Files/Downloads/legal/rules/dtc_rules.pdf).

<sup>4</sup> Available at <http://www.dtcc.com/~media/Files/Downloads/legal/service-guides/Service%20Guide%20Distributions.pdf>.

<sup>5</sup> The “ex-date” or “ex-dividend date” is the day the stock starts trading without the value of its next dividend payment.

<sup>6</sup> The record date is the cut-off date used to determine which shareholders are entitled to a corporate dividend. The record date will usually be the day following the ex-date.

<sup>7</sup> The payable date refers to the date that any declared stock dividends are due to be paid out. Investors who purchased their stock before the ex-date are eligible to receive dividends on the payable date.

<sup>8</sup> It is important to note that the physical movement of securities (such as, deposits, withdrawals-by-transfer, and certificates-on-demand) are not transactions that are included in the interim accounting process; thus, they do not result in adjustments between Participants.

<sup>9</sup> Please note that on the rare occasion that a corporate action event (e.g., a merger) would occur during an interim period, special processing arrangements with the industry may be required.

### Interim Accounting for an Ex-Date Change Due to Unscheduled Closing of a Stock Exchange

Occasionally, there is an unscheduled closing of one or more stock exchanges (e.g., a national day of mourning, an event causing significant market disruption or regional impact, etc.). During an unscheduled closing, a listed exchange will typically move ex-dates that were scheduled for that date to the next business day that the exchange is open, which is usually the record date. Such a move is necessary because ex-dates must occur on a business day that the listed exchange is open.<sup>10</sup>

Currently, when there is an unscheduled closing of a stock exchange and an ex-date is moved, DTC continues to apply the interim accounting process described above. However, because ex-date and record date now would be the same date (due to the exchange moving the ex-date to account for the unscheduled closure) and because the interim accounting process is based on a two-day settlement cycle, this results in due bills being applied to activity one day after record date. This, however, is not the intended result of the exchanges moving the ex-date. It is DTC's general understanding that when there is an unscheduled closure, the intent is for the last day of trading with a due bill to be the business day prior to the unscheduled closure because there should not be any executed trades in the security on the day of closure.<sup>11</sup>

As a result of DTC continuing to apply its standard interim accounting process under such circumstances, Participants must then perform adjustments to reverse the interim accounting on activity to which the interim accounting should not have applied, creating unnecessary work for the Participants. Therefore, to avoid the need for such adjustments, DTC proposes to no longer let the moving of an ex-date impact the interim accounting process when the change is the result of an unexpected closure of a stock exchange.

### UTW Service

DTC's UTW service helps ensure that the appropriate non-resident alien withholding tax is applied to U.S.-sourced income paid to DTC's direct non-U.S. Participants. The applicable withholding tax is determined based on

the type of income being paid along with the tax forms provided by the Participant.

The Distributions Guide currently states that the UTW service is available to non-U.S. Participants, "*including subaccounts of U.S. participants*" and that "*Users [of the UTW service] must enter into a Withholding Agent Agreement*" (emphasis added).<sup>12</sup> However, after performing a periodic review of the Distributions Guide, DTC determined that these two statements need to be removed.

Pursuant to U.S. tax regulations,<sup>13</sup> DTC, as a withholding agent, is obligated to withhold U.S. tax on payments it makes to its non-U.S. Participants. This obligation does not apply to U.S. Participants, only non-U.S. Participants. It is DTC's understanding that U.S. tax regulations do not contemplate a process under which DTC would withhold tax obligations of its U.S. Participants. However, DTC's obligation does apply regardless of whether there is or is not an agreement between DTC and its Participants to do so. Therefore, DTC proposes to remove (A) the "including subaccounts of U.S. participants" statement because DTC is not able to do so, and (B) the Withholding Agent Agreement statement because such an agreement is unnecessary.

### Changes to the Rules

To effectuate the proposed changes to the Distributions Guide described above, (i) the following subsections of the "Interim Accounting" section would be updated to provide a clearer description of the interim accounting process, generally, including conforming and technical changes: "Overview," "Reasons for Interim Accounting," "Without DTC's Interim Accounting," "With DTC's Interim Accounting," and "Interim Accounting Usage;" (ii) a new "Interim Accounting for an Ex-Date Change Due to Unscheduled Closing of a Stock Exchange" subsection would be added; (iii) a new "Interim Accounting on a Security being Delisted" subsection would be added; and (iv) the "U.S. Tax Withholding" section would be updated to remove the statements that (A) the UTW service is available to subaccounts of U.S. Participants, and (B) users of the UTW service must enter into a Withholding Agent Agreement. Finally, the Important Legal Information section would be updated to change the copyright date from 2019 to 2020.

### Implementation Timeframe

The proposed changes described above would take effect upon approval by the U.S. Securities and Exchange Commission.

### 2. Statutory Basis

DTC believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to DTC, as a registered clearing agency. Specifically, DTC believes the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act<sup>14</sup> and Rule 17Ad-22(e)(21) promulgated under the Act,<sup>15</sup> for the reasons described below.

Section 17A(b)(3)(F) of the Act requires, in part, that the rules of a clearing agency be designed, in general, to protect investors and the public interest.<sup>16</sup> As described above, the proposal would update the Distributions Guide to more clearly explain the interim accounting process and, more specifically, provide an explanation of the interim accounting process for a security being delisted, as well as update the copyright date. By providing greater clarity and information about how the interim accounting process works, both generally and for delisted securities specifically, as well as updating the copyright date, DTC is better informing Participants, investors, and the general public about how DTC manages due bill activity associated with Participants' securities transactions and its copyright information.

The proposal also would remove statements in the Distributions Guide that the UTW service is available to subaccounts of U.S. Participants and that users of the UTW service must enter into a Withholding Agent Agreement, as described above. Because DTC cannot offer the UTW service to such subaccounts and because requiring such an agreement is not necessary, removing the statements would clarify which Participants may use the UTW service and what is required to do so, all of which helps to better inform Participants, investors, and the general public.

Section 17A(b)(3)(F) of the Act also requires, in part, that the rules of a clearing agency be designed to remove impediments to and perfect the mechanism of a national system for the prompt and accurate clearance and settlement of securities transactions.<sup>17</sup> As described above, the proposal would change how DTC manages interim

<sup>10</sup> See, e.g., FINRA Rule 11140—Transactions in Securities "Ex-Dividend," "Ex-Rights" or "Ex-Warrants" available at <https://www.finra.org/rules-guidance/rulebooks/finra-rules/11140>.

<sup>11</sup> DTC has participated in various conversations with exchanges, industry representatives, and Participants to better understand and help address this issue.

<sup>12</sup> Distributions Guide, U.S. Tax Withholding, *supra* note 4.

<sup>13</sup> See 26 CFR 1.1441–7(a).

<sup>14</sup> 15 U.S.C. 78q–1(b)(3)(F).

<sup>15</sup> 17 CFR 240.17Ad–22(e)(21).

<sup>16</sup> 15 U.S.C. 78q–1(b)(3)(F).

<sup>17</sup> *Id.*

accounting when an ex-date is changed due to an unscheduled closure of a stock exchange, so that DTC would no longer capture interim activity that results from a stock exchange moving ex-dates due to an unexpected closure. With this change, Participants would no longer need to spend time and energy performing adjustments to reverse the interim accounting on activity to which the interim accounting should not have otherwise applied. By freeing Participants of this need, the proposal would help perfect DTC's interim accounting process for tracking due bills associated with Participants' securities transactions.

For these reasons, DTC believes that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act.<sup>18</sup>

Rule 17Ad-22(e)(21) under the Act requires that DTC establish, implement, maintain and enforce written policies and procedures reasonably designed to, in part, be efficient and effective in meeting the requirements of its Participants and the markets it serves.<sup>19</sup> As described above, the proposal would update the Distributions Guide to (i) more clearly explain the interim accounting process, generally; (ii) provide an explanation for the interim accounting process for a security being delisted; (iii) no longer apply interim accounting when an ex-date is changed due to an unscheduled closure of a stock exchange; and (iv) remove the statements that the UTW service is available to subaccounts of U.S. Participants, and (B) users of the UTW service must enter into a Withholding Agent Agreement.

Collectively these proposed changes are designed to more efficiently and effectively describe DTC's interim accounting practices, as well as the application and requirements of the UTW service, so that Participants are better informed about the practices, generally. With respect to the proposed change to no longer apply interim accounting when there is an unscheduled closure of an exchange, specifically, that proposed change is designed to more efficiently and effectively meet the needs of DTC's Participants, based on discussions with Participants.

Therefore, for the above reasons, DTC believes that the proposed rule change is designed to help DTC be more efficient and effective in meeting the requirements of its Participants and the markets it serves, consistent with Rule 17Ad-22(e)(21) under the Act.<sup>20</sup>

#### *(B) Clearing Agency's Statement on Burden on Competition*

DTC does not believe that the proposed changes to the Distributions Guide to (i) clarify the interim accounting process, generally, (ii) add a description regarding DTC's interim accounting process for a security being delisted, or (iii) update the copyright date, as described above, will have any impact on competition because none of these changes will alter DTC's current practices. Rather, the changes are simply intended to provide more clarity and information for Participants.

Similarly, DTC does not believe the proposed changes to the Distributions Guide to remove the statements that (A) the UTW service is available to subaccounts of U.S. Participants, and (B) users of the UTW service must enter into a Withholding Agent Agreement, as described above, will impact competition because DTC is not able to provide the UTW service to subaccounts of U.S. Participants, anyway, and DTC will remain obligated to withhold U.S. tax on payments it makes to its non-U.S. Participants even without an agreement. As such, these changes should not have any practical implications on Participants or DTC's practices.

As for the proposed change to the Distributions Guide regarding how DTC manages interim accounting when an ex-date is changed due to an unscheduled closure of a stock exchange, as described above, DTC believes the change may impact competition. Specifically, the change could promote competition because Participants could redirect resources that would otherwise have been used to reverse the interim accounting to more competitive-focused activities.

#### *(C) Clearing Agency's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others*

DTC has not received or solicited any written comments relating to this proposal. DTC will notify the Commission of any written comments received by DTC.

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

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) By order approve or disapprove such 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](mailto:rule-comments@sec.gov). Please include File Number SR-DTC-2020-019 on the subject line.

##### *Paper Comments*

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549.

All submissions should refer to File Number SR-DTC-2020-019. 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 DTC and on DTCC's website (<http://dtcc.com/legal/sec-rule-filings.aspx>). 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-DTC-

<sup>18</sup> *Id.*

<sup>19</sup> 17 CFR 240.17Ad-22(e)(21).

<sup>20</sup> *Id.*

2020–019 and should be submitted on or before January 19, 2021.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>21</sup>

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

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–90750; File No. SR–NYSE–2020–101]

### Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Exchange Rules To Delete Rules That Are Not Applicable to Trading on the Pillar Trading Platform

December 21, 2020.

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 December 9, 2020, New York Stock Exchange LLC (“NYSE” or the “Exchange”) filed with the Securities and Exchange Commission (the “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 Exchange rules to delete rules that are not applicable to trading on the Pillar trading platform or are otherwise obsolete. The proposed rule change is available on the Exchange’s website 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 the Statutory Basis for, the Proposed Rule Change

##### 1. Purpose

The Exchange proposes to amend its rules to delete rules that are not applicable to trading on the Pillar trading platform or are otherwise obsolete.

To effect its transition of trading to the Pillar platform, the Exchange adopted Rules 1P through 13P. In addition, because certain Exchange rules pertaining to trading on a floor-based trading platform are not applicable to trading on the Pillar platform, the Exchange designated specified rules governing such trading with the following preamble: “This rule is not applicable to trading on the Pillar trading platform.”<sup>4</sup>

On August 22, 2019, the Exchange completed its transition of all trading to the Pillar platform. Because the rules that are not applicable to trading on the Pillar trading platform are now obsolete, the Exchange proposes to delete rules that have been replaced by a Pillar rule. The following chart sets forth the proposed rules for deletion (left-hand column) and applicable Pillar rule (right-hand column):

Rule proposed for deletion	Applicable Pillar rule
Rule 4 (Stock) .....	Rule 1.1(r) (NMS Stock).
Rule 7 (Exchange BBO) .....	Rule 1.1(c) (BBO).
Rule 13 (Orders and Modifiers), provided that the Exchange proposes to retain the definition of “retail” modifier as set forth in Rule 13(f)(2) and proposes to rename Rule 13 as “Retail Modifiers.”	Rule 7.31 (Orders and Modifiers).
Rule 14 (Bid or Offer Deemed Regular Way) .....	Rule 7.8 (Bid or Offer Deemed Regular Way).
Rule 15 (Pre-Opening Indications and Opening Order Imbalance Information).	Rule 7.35 (General) and Rule 7.35A (DMM-Facilitated Core Open and Trading Halt Auctions).
Rule 15A (Order Protection Rule) .....	Rule 7.37 (Order Execution and Routing).
Rule 19 (Locking or Crossing Protected Quotations in NMS Stocks) .....	Rule 7.37 (Order Execution and Routing).
Rule 51 (Hours for Business) .....	Rule 7.1 (Hours of Business) and Rule 7.2 (Holidays).
Rule 52 (Dealings on the Exchange—Hours) .....	Rule 7.34 (Trading Sessions).
Rule 55 (Unit of Trading—Stocks and Bonds) .....	Rule 7.5 (Trading Units).
Rule 56 (Unit of Trading—Rights) .....	Rule 7.5 (Trading Units).
Rule 60 (Dissemination of Quotations) .....	Rule 7.17 (Firm Orders and Quotes).
Rule 61 (Recognized Quotations) .....	Rule 7.5 (Trading Units).
Rule 62 (Variations) .....	Rule 7.6 (Trading Differentials).
Rule 70 (Execution of Floor Broker Interest), provided that the Exchange proposes to retain Supplementary Material .30 and .40 to this Rule and proposes to rename Rule 70 as “Operation of an Exchange-Approved Booth Premise”.	Rule 7.31 (Orders and Modifiers).
Rule 72 (Priority of Bids and Offers and Allocation of Executions), provided that the Exchange proposes to retain paragraph (d) and Supplementary Material .10 of this Rule and proposes to rename Rule 72 as “Priority of Cross Transactions”.	Rule 7.36 (Order Ranking and Display) and Rule 7.37 (Order Execution and Routing).
Rule 79A (Miscellaneous Requirements on Stock Market Procedures) ..	Rule 7.36 (Order Ranking and Display) and Rule 7.37 (Order Execution and Routing).
Rule 80C (Limit Up-Limit Down Plan and Trading Pauses in Individual Securities Due to Extraordinary Market Volatility).	Rule 7.11 (Limit Up-Limit Down Plan and Trading Pauses in Individual Securities Due to Extraordinary Market Volatility).
Rule 107C (Retail Liquidity Program) .....	Rule 7.44 (Retail Liquidity Program).

<sup>21</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.

<sup>4</sup> See Securities Exchange Act Release Nos. 85962 (May 29, 2019), 84 FR 26188 (June 5, 2019) and

81225 (July 27, 2017), 82 FR 36033 (August 2, 2017) (SR–NYSE–2017–35).