

the overall audit market and for audits of EGCs is likely to be relatively small. As such, after considering the protection of investors and whether the action will promote efficiency, competition, and capital formation, we believe there is a sufficient basis to determine that applying the Amendments to the audits of EGCs is necessary or appropriate in the public interest.

## V. Conclusion

The Commission has carefully reviewed and considered the Amendments, the information submitted therewith by the PCAOB, and the comment letters received. In connection with the PCAOB's filing and the Commission's review,

A. The Commission finds that the Amendments are consistent with the requirements of the Sarbanes-Oxley Act and the securities laws and are necessary or appropriate in the public interest or for the protection of investors; and

B. Separately, the Commission finds that the application of the Amendments to the audits of EGCs is necessary or appropriate in the public interest, after considering the protection of investors and whether the action will promote efficiency, competition, and capital formation.

*It is therefore ordered*, pursuant to Section 107 of the Sarbanes-Oxley Act and Section 19(b)(2) of the Exchange Act, that the Amendments (File No. PCAOB-2022-002) be and hereby are approved.

By the Commission.

**J. Matthew DeLesDernier,**  
Deputy Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-95499; File No. SR-NYSEAMER-2022-35]

### Self-Regulatory Organizations; NYSE American LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Delete Current Rule 7.39E

August 12, 2022.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on August 5, 2022, 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 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 delete current Rule 7.39E governing Off-Hours Trading. 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 delete current Rule 7.39E governing Off-Hours Trading.

In 2017, in connection with the transition to the Pillar trading platform, the Exchange adopted Rule 7.39E in order to maintain certain functionality in its Off-Hours Trading Facility.<sup>3</sup>

<sup>3</sup> See Securities Exchange Act Release No. 80590 (May 4, 2017), 82 FR 21843, 21847 (May 10, 2017) (SR-NYSEMKT-2017-01) (Order Granting Accelerated Approval of Proposed Rule Change, as Modified by Amendment No. 1, To Adopt New Equity Trading Rules To Transition Trading on the Exchange From a Floor-Based Market With a Parity Allocation Model to a Fully Automated Market With a Price-Time Priority Model on the Exchange's New Trading Technology Platform, Pillar). Prior to that time, Rules 900—Equities through 907—Equities governed off-hours trading activity on the Exchange. Rules 900—Equities through 907—Equities were designated as inapplicable to trading on the Pillar trading platform and later deleted. See Securities Exchange Act Release No. 82212 (December 4, 2017), 82 FR 58036 (December 8, 2017) (SR-NYSEAMER-2017-34) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Exchange Rules To Delete

Currently, the Exchange offers an Off-Hours Trading Facility pursuant to Rule 7.39E that only accepts aggregate-price coupled orders.

NYSE American recently determined to cease offering an after-hours crossing session and decommission the Off-Hours Trading Facility. In connection with the decommissioning of the Off-Hours Trading Facility, the Exchange proposes to delete Rule 7.39E in its entirety. The Exchange notes that its affiliate New York Stock Exchange LLC ("NYSE") has filed to adopt a new Rule 7.39 governing its off-hours trading facility based on Rule 7.39E that would permit NYSE member organizations to enter aggregate-price coupled orders for securities, including UTP securities, listed and traded on NYSE.<sup>4</sup>

The Exchange will announce the implementation date by Trader Update. The Exchange anticipates that the proposed change will be implemented on September 1, 2022.

###### 2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act,<sup>5</sup> in general, and furthers the objectives of Section 6(b)(5),<sup>6</sup> in particular, because 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, 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.

Specifically, the Exchange believes that deleting Rule 7.39E concomitantly with the decommissioning of the Off-Hours Trading Facility would foster cooperation and coordination with persons engaged in facilitating transactions in securities and would remove impediments to and perfect the mechanism of a free and open market and a national market system by deleting obsolete rules, thereby adding clarity, transparency and consistency to the Exchange's rulebook. By making the proposed change, the Exchange would ensure that its rules are consistent with

Obsolete Cash Equities Rules That Are Not Applicable to Trading on the Pillar Trading Platform and To Delete Other Obsolete Rules).

<sup>4</sup> See SR-NYSE-2022-37. The NYSE's proposed rule filing would permit NYSE member organizations to enter aggregate-price coupled orders, defined as orders to buy or sell a group of securities that have a total market value of \$1 million or more and that are comprised of 15 or more securities listed or traded on the NYSE, which would include UTP securities.

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

<sup>6</sup> 15 U.S.C. 78f(b)(5).

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

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

the existing functionality offered by the Exchange, thereby promoting clarity and transparency in its rules. The Exchange believes that the change would not be inconsistent with the public interest and the protection of investors because investors will not be harmed and in fact would benefit from the increased clarity and transparency that the change would introduce, thereby reducing potential confusion.

The Exchange further believes that the proposed rule change would remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, protect investors and the public interest, because it would remove any potential confusion among market participants that may result if the Exchange retained rules governing its Off-Hours Trading Facility after the Exchange decommissioned it.

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

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Specifically, the Exchange believes that decommissioning its Off-Hours Trading Facility would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Pursuant to the NYSE's recent filing to adopt a new rule based on NYSE American Rule 7.39E, all ETP Holders that are also NYSE member organizations would be able to utilize the NYSE's off-hours trading facility to enter aggregate-price coupled orders for securities, including UTP securities, listed and traded on the NYSE.<sup>7</sup> The Exchange further believes that the proposed rule change would not impose any burden on competition that is not necessary or appropriate because the proposed change is designed to promote clarity and consistency, thereby reducing burdens on the marketplace and facilitating investor protection.

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

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

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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>8</sup> and Rule 19b-4(f)(6) thereunder.<sup>9</sup> Because the proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>10</sup> and Rule 19b-4(f)(6)(iii) thereunder.<sup>11</sup>

A proposed rule change filed under Rule 19b-4(f)(6)<sup>12</sup> normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),<sup>13</sup> the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative on September 1, 2022.

The Commission believes that waiver of the operative delay is consistent with the protection of investors and the public interest because the Exchange plans to decommission the Off-Hours Trading Facility as of September 1, 2022. Accordingly, the Commission hereby waives the 30-day operative delay and designates the proposal operative on September 1, 2022.<sup>14</sup>

At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of

the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B)<sup>15</sup> of the Act to determine whether the proposed rule change should be approved or disapproved.

### **IV. Solicitation of Comments**

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

#### *Electronic Comments*

- Use the Commission's internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NYSEAMER-2022-35 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-2022-35. 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

<sup>8</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>9</sup> 17 CFR 240.19b-4(f)(6).

<sup>10</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>11</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

<sup>12</sup> 17 CFR 240.19b-4(f)(6).

<sup>13</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>14</sup> For purposes only of accelerating the operative date of this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

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

<sup>7</sup> See SR-NYSE-2022-37.

to make available publicly. All submissions should refer to File Number SR–NYSEAMER–2022–35 and should be submitted on or before September 8, 2022.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>16</sup>

**J. Matthew DeLesDernier,**  
Deputy Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–95494; File No. SR–FINRA–2022–025]

### Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of a Proposed Rule Change To Amend FINRA Rule 11880 (Settlement of Syndicate Accounts) To Revise the Syndicate Account Settlement Timeframe for Corporate Debt Offerings

August 12, 2022.

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> notice is hereby given that on August 5, 2022, the Financial Industry Regulatory Authority, Inc. (“FINRA”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by FINRA. 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

FINRA is proposing to amend FINRA Rule 11880 (Settlement of Syndicate Accounts) to revise the syndicate account settlement timeframe for corporate debt offerings.

The text of the proposed rule change is available on FINRA’s website at <http://www.finra.org>, at the principal office of FINRA 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, FINRA 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. FINRA 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

Underwriting groups ordinarily form syndicate accounts <sup>3</sup> to process the income and expenses of the syndicate. The syndicate manager <sup>4</sup> is responsible for maintaining syndicate account records and must provide to each selling syndicate member an itemized statement of syndicate expenses no later than the date of the final settlement of the syndicate account. Syndicate members record the expected payments from the syndicate manager as “receivables” on their books and records but generally do not receive the payments for up to 90 days after the syndicate settlement date, <sup>5</sup> as currently permitted under FINRA rules. <sup>6</sup>

To help avoid lengthy settlement delays, FINRA Rule 11880 provides that the syndicate manager in a public offering of corporate securities must effect the final settlement of syndicate accounts within 90 days following the settlement date. When FINRA (then NASD) initially adopted a settlement rule in 1985, it required that final settlement of syndicate accounts be effected within 120 days after the syndicate settlement date. <sup>7</sup> The syndicate settlement timeframe was reduced from 120 days to 90 days in 1987, and it has remained the same since then. <sup>8</sup>

<sup>3</sup> A syndicate account is the account formed by members of the selling syndicate for the purpose of purchasing and distributing the corporate securities of a public offering. See FINRA Rule 11880(a)(2).

<sup>4</sup> A syndicate manager is the member of the selling syndicate that is responsible for the maintenance of syndicate account records. See FINRA Rule 11880(a)(3).

<sup>5</sup> The syndicate settlement date is the date that the issuer delivers corporate securities to or for the account of the syndicate members. See FINRA Rule 11880(a)(4).

<sup>6</sup> During this time, a syndicate member may not treat the “receivables” as allowable assets for purposes of Exchange Act Rule 15c3–1 (“Net Capital Rule”) and therefore must deduct them from its net worth in computing its net capital.

<sup>7</sup> See Securities Exchange Act Release No. 22238 (July 15, 1985), 50 FR 29503 (July 19, 1985) (Order Approving File No. SR–NASD–85–14).

<sup>8</sup> See Securities Exchange Act Release No. 24290 (April 1, 1987), 52 FR 11148 (April 7, 1987) (Order Approving File No. SR–NASD–87–7).

In consideration of the technological advances since 1987, FINRA is proposing to amend the timeframe to settle syndicate accounts set forth in FINRA Rule 11880(b). Specifically, FINRA is proposing to establish a two-stage syndicate account settlement approach whereby the syndicate manager would be required to remit to each syndicate member at least 70 percent of the gross amount due to such syndicate member within 30 days following the syndicate settlement date, with any final balance due remitted within 90 days following the syndicate settlement date.

The proposed two-stage approach would be limited to public offerings of corporate debt securities. <sup>9</sup> FINRA is not proposing at this time to change the current 90-day period for the final settlement of syndicate accounts for public offerings of equity securities, which often involve complexities that may necessitate a longer settlement timeframe than corporate debt offerings (e.g., an overallotment option that may have an exercise term of 30 days).

FINRA also notes that, with respect to municipal debt offerings, Municipal Securities Rulemaking Board (“MSRB”) Rule G–11 (Primary Offering Practices) currently provides that final settlement of a syndicate or similar account must be made within 30 calendar days of the syndicate settlement date. The MSRB shortened the settlement timeframe from 60 days to 30 days in 2009 to reduce the exposure of syndicate account members to the credit risk of potential deterioration in the credit of the syndicate manager during the pendency of account settlements. <sup>10</sup> The MSRB believed that this change would not be unduly burdensome on firms given the more efficient billing and accounting systems firms had implemented since the rules were first adopted in the 1970s. <sup>11</sup>

FINRA similarly believes that the proposed rule change will benefit syndicate members by reducing the exposure of syndicate members to the credit risk of the syndicate manager during the pendency of account

<sup>9</sup> A “corporate debt security” would be defined as a debt security that is United States (“U.S.”) dollar-denominated and issued by a U.S. or foreign private issuer, including a Securitized Product as defined in FINRA Rule 6710(m). “Corporate debt security” would not include a Money Market Instrument as defined in FINRA Rule 6710(o). See proposed Rule 11880(a)(1).

<sup>10</sup> See Securities Exchange Act Release No. 60487 (August 12, 2009), 74 FR 41771 (August 18, 2009) (Notice of Filing of File No. SR–MSRB–2009–12) and Securities Exchange Act Release No. 60725 (September 28, 2009), 74 FR 50855 (October 1, 2009) (Order Approving File No. SR–MSRB–2009–12).

<sup>11</sup> See *supra* note 10.

<sup>16</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.