



8011-01
SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-85297; File No. SR-NYSECHX-2019-03)

March 12, 2019

Self-Regulatory Organizations; NYSE Chicago, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Adopt Rules to Establish a Rule Numbering Framework In Connection with the Migration of the Exchange to the NYSE Pillar Platform

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 March 6, 2019, the NYSE Chicago, Inc. (the “NYSE Chicago” 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 adopt rules to establish a rule numbering framework in connection with the migration of the Exchange to the NYSE Pillar platform. 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

¹ 15 U.S.C.78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

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 adopt rules to establish a rule numbering framework in connection with the migration of the Exchange to the NYSE Pillar platform ("Pillar"). The Exchange proposes to establish this framework in order to facilitate the amendment of its rule book as the Exchange migrates to Pillar.

In July 2018, the Exchange and its direct parent company were acquired by NYSE Group, Inc. ("Transaction").⁴ As a result of the Transaction, the Exchange became part of a corporate family including five separate registered national securities exchanges.⁵ Following the Transaction, the Exchange continued to operate as a separate self-regulatory organization and with rules, membership rosters and listings distinct from the rules, membership rosters and listings of the other NYSE Exchanges.

In connection with the Transaction, the Exchange anticipates migrating trading of equities to Pillar, which is an integrated trading technology platform designed to use a single specification for connecting to the equities and options markets operated by the NYSE

⁴ See Exchange Act Release No. 83635 (July 13, 2018), 83 FR 34182 (July 19, 2018) (SR-CHX-2018-004); see also Exchange Act Release No. 83303 (May 22, 2018), 83 FR 24517 (May 29, 2018) (SR-CHX-2018-004).

⁵ The Exchange has four registered national securities exchange affiliates: New York Stock Exchange LLC ("NYSE"), NYSE Arca, Inc. ("NYSE Arca"), NYSE National, Inc. ("NYSE National") and NYSE American LLC ("NYSE American") (collectively, the Exchange, NYSE, NYSE Arca, NYSE National, and NYSE American, the "NYSE Exchanges").

Exchanges, in the second half of 2019. To that end, the Exchange proposes to adopt the rule numbering framework of the rules governing the NYSE National equities market, which are based on the rule numbering framework of the NYSE Arca equities market.⁶ The Exchange believes that if it and its affiliates are operating on the same trading platform, using the same rule numbering scheme across all markets using the Pillar platform would make it easier for members, the public and the Commission to navigate the rules of each exchange. The Exchange therefore proposes to adopt a framework of rule numbering that is based on the current rules governing the NYSE National equities market: NYSE National Rules 0 through 13.

As proposed, this framework would use the current rule numbering scheme of the rules governing the NYSE National equities market, and would consist of the following proposed rules:

RULE 0 REGULATION OF THE EXCHANGE AND PARTICIPANTS

RULE 1 DEFINITIONS

RULE 2 TRADING PERMITS

RULE 3 ORGANIZATION AND ADMINISTRATION

RULE 4 RESERVED

RULE 5 TRADING ON UNLISTED TRADING PRIVILEGES

RULE 6 ORDER AUDIT TRAIL

⁶ See Securities Exchange Act Release No. 81782 (September 30, 2017), 82 FR 46586 (October 5, 2018) (SR-NYSENat-2017-04). NYSE and NYSE American also filed rule changes to use this rule framework for their equities Pillar rules. See Securities Exchange Act Release Nos. 76803 (December 30, 2015), 81 FR 536 (January 6, 2016) (SR-NYSE-2015-67) (Notice of filing and immediate effectiveness of proposed rule change) and 79242 (November 5, 2016), 81 FR 79081 (November 10, 2016) (SR-NYSEMKT-2016-97) (Notice of filing and immediate effectiveness of proposed rule change).

RULE 7 EQUITIES TRADING

RULE 8 RESERVED

RULE 9 RESERVED

RULE 10 DISCIPLINARY PROCEEDINGS, OTHER HEARINGS AND
APPEALS

RULE 11 BUSINESS CONDUCT

RULE 12 ARBITRATION

RULE 13 LIABILITY OF DIRECTORS AND EXCHANGE

The Exchange proposes to establish this framework in order to facilitate the amendment of its rule book. Additionally, and as described in greater detail below, the Exchange proposes to (i) relocate rules relating to compliance with National Market System Plan Governing the Consolidated Audit Trail (the “CAT NMS Plan”),⁷ which are currently set forth in Article 23, Rules 1 through 12 (the “Compliance Rules”), to proposed Rules 6.6800 through 6.6895, without any substantive changes to the current rules other than updating cross references to reflect the proposed renumbered Compliance Rules; and (ii) relocate rules relating to potential disputes related to CAT Fees charged to Industry Members (“Fee Dispute Rule”), which are currently set forth in Article 23, Rule 13, to proposed Rule 6.6900, without any substantive changes to the current rules other than updating a cross reference to reflect the proposed renumbered Fee

⁷ The CAT NMS Plan is designed to create, implement and maintain a consolidated audit trail (“CAT”) that would capture customer and order event information for orders in NMS Securities and OTC Equity Securities, across all markets, from the time of order inception through routing, cancellation, modification, or execution in a single consolidated data source. Each Participant of the Plan is required to enforce compliance by its Industry Members, as applicable, with the provisions of the Plan, by adopting a Compliance Rule applicable to their Industry Members.

Dispute Rule. None of these are novel rules and are simply renumbered Exchange rules (the Compliance Rules and Fee Dispute Rule).

Proposed Rule 6.6800 Series (Compliance Rules)

As noted above, the Exchange proposes to renumber its existing Compliance Rules relating to the CAT NMS Plan under Rule 6 without any substantive changes other than updating cross references to reflect the proposed renumbered Compliance Rules. The Compliance Rules require Industry Members to comply with the provisions of the CAT NMS Plan.⁸ The Compliance Rules include twelve rules covering the following areas: (1) definitions; (2) clock synchronization; (3) Industry Member data reporting; (4) customer information reporting; (5) Industry Member information reporting; (6) time stamps; (7) clock synchronization rule violations; (8) connectivity and data transmission; (9) development and testing; (10) recordkeeping; (11) timely, accurate and complete data; and (12) compliance dates.

In moving the Compliance Rules to Rule 6, the Exchange proposes to renumber Article 23, Rules 1 through 12, as proposed Rules 6.6800 through 6.6895, which is based in part on the NYSE National rule numbering for its Compliance Rules, but not make any substantive changes to those rules. The proposed sub-numbering for the Compliance Rules (i.e., 6800-6895) mirrors the rule-numbering framework for the CAT NMS Plan Compliance Rules on FINRA, NYSE, and NYSE National and includes a sub-section rule heading of “Rule 6.6800 Consolidated Audit Trail Compliance Rule.”

⁸ Unless otherwise specified, capitalized terms used are defined as set forth herein, the CAT Compliance Rule Series or in the CAT NMS Plan.

Proposed Rule 6.6900 (Consolidated Audit Trail – Fee Dispute Resolution)

As noted above, the Exchange proposes to renumber its existing Fee Dispute Rule relating to the CAT NMS Plan under Rule 6 without any substantive changes other than updating a cross reference to reflect the proposed renumbered Fee Dispute Rule.⁹ In moving the Fee Dispute Rule to Rule 6, the Exchange proposes to renumber Article 23, Rule 13, as proposed Rule 6.6900, which is based on the NYSE National rule numbering for its Fee Dispute Rule. Proposed Rule 6.6900 establishes the procedures for resolving potential disputes related to CAT Fees charged to Industry Members. Section 11.5 of the CAT NMS Plan requires participants to that plan to adopt rules requiring that disputes with respect to fees charged to Industry Members pursuant to the CAT NMS Plan be determined by the Operating Committee or Subcommittee. Section 11.5 of the CAT NMS Plan also states that decisions by the Operating Committee or Subcommittee on such matters will be binding on Industry Members, without prejudice to the right of any Industry Member to seek redress from the SEC pursuant to SEC Rule 608 or in any other appropriate forum. The Commission has approved industry-wide rules that set forth such fee dispute procedures.¹⁰

Proposed Rule 6.6900 sets forth the Exchange's procedures to resolve disputes initiated by an Industry Member with respect to CAT fees and is based on NYSE National Rule 6.6900

⁹ See Securities Exchange Act Release No. 81616 (September 14, 2017), 82 FR 44010 (September 20, 2017) (SR-CHX-2017-11; SR-FINRA-2017-20) (Order Approving Proposed Rule Changes to Adopt a CAT Fee Dispute Resolution Process).

¹⁰ See Securities Exchange Act Release No. 81500 (August 30, 2017), 82 FR 42143 (September 6, 2017) (SR-BatsBYX-2017-13; SR-BatsBZX-2017-39; SR-BatsEDGA-2017-14; SR-BatsEDGX-2017-24; SR-BOX-2017-19; SR-CBOE-2017-043; SR-IEX-2017-21; SR-ISE-2017-52; SR-MRX-2017-08; SR-MIAX-2017-24; SR-NASDAQ-2017-059; SR-BX-2017-029; SR-GEMX-2017-059; SR-PHLX-2017-47; SR-NYSE-2017-24; SR-NYSEArca-2017-60; SR-NYSEMKT-2017-31) (Order Approving Proposed Rule Changes to Adopt a CAT Fee Dispute Resolution Process).

specifically, and the rules of other exchanges generally, without any substantive differences. The proposed sub-numbering for the Fee Dispute Rule (i.e., 6900) mirrors the rule-numbering framework for the CAT NMS Plan Fee Dispute Rule on FINRA, NYSE, and NYSE National.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Securities Exchange Act of 1934 (the “Act”),¹¹ in general, and furthers the objectives of Section 6(b)(1),¹² in particular, in that it enables the Exchange to be so organized as to have the capacity to be able to carry out the purposes of the Exchange Act and to comply, and to enforce compliance by its members and persons associated with its members, with the provisions of the Exchange Act, the rules and regulations thereunder, and the rules of the Exchange.

Specifically, the proposed rule change to adopt a rule numbering framework is a non-substantive change that does not impact trading on the Exchange. The Exchange believes that the proposed rule change would enable the Exchange to continue to be so organized as to have the capacity to carry out the purposes of the Exchange Act and comply and enforce compliance with the provisions of the Exchange Act by its members and persons associated with its members, because adopting a common framework of rule numbers for the equity markets that operate on the Pillar trading platform will better allow members, regulators, and the public to navigate the Exchange’s rulebook and better understand how equity trading is conducted on the Exchange.

¹¹ 15 U.S.C. 78f(b).

¹² 15 U.S.C. 78f(b)(1).

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 proposed rule change is not designed to address any competitive issue but rather to adopt a new rule numbering framework to support the Exchange's amendment of its rule book as the Exchange migrate to the Pillar trading platform. The Exchange believes that the proposed rule change would promote consistency and transparency on both the Exchange and its affiliates, the NYSE Exchanges, thus making the Exchange's rules easier to navigate.

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 Act¹³ and Rule 19b-4(f)(6) thereunder.¹⁴ 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 and Rule 19b-4(f)(6)(iii) thereunder.

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

¹³ 15 U.S.C. 78s(b)(3)(A)(iii).

¹⁴ 17 CFR 240.19b-4(f)(6).

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)¹⁵ 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 e-mail to rule-comments@sec.gov. Please include File Number SR-NYSECHX-2019-03 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-NYSECHX-2019-03. This file number should be included on the subject line if e-mail 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

¹⁵ 15 U.S.C. 78s(b)(2)(B).

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-NYSECHX-2019-03 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

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

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Deputy Secretary

¹⁶ 17 CFR 200.30-3(a)(12).

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