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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
Form 19b-4

File No. \* SR 2024 - \* 66

Amendment No. (req. for Amendments \*)

Filing by NYSE Arca, Inc.

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
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Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>
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Rule

<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)
<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)
<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 19b-4(f)(6)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010  
Section 806(e)(1) \*

Section 806(e)(2) \*

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934  
Section 3C(b)(2) \*

Exhibit 2 Sent As Paper Document

Exhibit 3 Sent As Paper Document

### Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked \*).

Proposal to amend Rule 6.64P-O

### Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name \* Kathleen Last Name \* Murphy

Title \* Senior Counsel, NYSE Group Inc.

E-mail \* Kathleen.Murphy@ice.com

Telephone \* (212) 656-4841 Fax (212) 656-8101

### Signature

Pursuant to the requirements of the Securities Exchange of 1934, NYSE Arca, Inc. has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date 08/13/2024

(Title \*)

By David De Gregorio

Associate General Counsel

(Name \*)

David De Gregorio

Digitally signed by David De Gregorio  
Date: 2024.08.13 11:49:33 -04'00'

NOTE: Clicking the signature block at right will initiate digitally signing the form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

**Form 19b-4 Information \***

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19b4 Arca Rule 6.64P-O Rotational qu

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

**Exhibit 1 - Notice of Proposed Rule Change \***

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Ex. 1 Arca Rule 6.64P-O Rotational qu

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 1A - Notice of Proposed Rule Change, Security-Based Swap Submission, or Advanced Notice by Clearing Agencies \***

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 2- Notices, Written Comments, Transcripts, Other Communications**

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Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit Sent As Paper Document

**Exhibit 3 - Form, Report, or Questionnaire**

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Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit Sent As Paper Document

**Exhibit 4 - Marked Copies**

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

**Exhibit 5 - Proposed Rule Text**

Add Remove View

Ex 5 Arca Rule 6.64P-O Rotational qu

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change

**Partial Amendment**

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

- (a) 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> NYSE Arca, Inc. (“NYSE Arca” or the “Exchange”) proposes to amend Rule 6.64P-O (Auction Process).

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1, and the text of the proposed rule change is attached as Exhibit 5.

- (b) The Exchange does not believe that the proposed rule change will have any direct effect, or any significant indirect effect, on any other Exchange rule in effect at the time of this filing.
- (c) Not applicable.

2. Procedures of the Self-Regulatory Organization

Senior management has approved the proposed rule change pursuant to authority delegated to it by the Board of the Exchange. No further action by the Board of Directors or the membership of the Exchange is required. Therefore, the Exchange’s internal procedures with respect to the proposed change are complete.

The person on the Exchange staff prepared to respond to questions and comments on the proposed rule change is:

Kathleen Murphy  
Senior Counsel  
NYSE Group, Inc.  
(212) 656-4841

3. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

- (a) Purpose

The Exchange proposes to modify Rule 6.64P-O (Auction Process) regarding the automated process for opening (and reopening) option series on the Exchange.<sup>3</sup>

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

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

<sup>3</sup> An “Auction” refers to the opening or reopening of a series for trading either with or without a trade. See Rule 6.64P-O(a)(1). For simplicity, the Exchange will simply refer to the “opening” of a series herein.

Rule 6.64P-O (the “Rule”) describes the opening Auction Process.<sup>4</sup> The Exchange has determined that the Auction Process could be incrementally improved by removing the existing requirement that the Exchange disseminate a Rotational Quote before commencing an Auction. The Exchange believes that this proposed modification could enhance the speed and efficiency of its Auction Process without impairing price discovery.

#### Commencement of the Auction Process

Pursuant to the Rule, for each option series, the Auction Process begins once the Exchange receives the Auction Trigger, and the Exchange sends a Rotational Quote<sup>5</sup> to both OPRA and proprietary data feeds.<sup>6</sup> The Auction Trigger occurs when the Primary Market for the underlying security first disseminates both a two-sided quote and a trade of any size that is at or within the quote.<sup>7</sup> The Auction Trigger signals the opening of trading in an underlying security, which in turn, enables the Exchange to commence the process of opening options on that underlying.

After the Auction Trigger, the Exchange sends a Rotational Quote for each option series on the underlying security. Once a Rotational Quote is disseminated, the Exchange waits a minimum of two milliseconds and then conducts an Auction, provided that “there is both a Legal Width Quote and, if applicable, Market Maker quotes with a non-zero offer in the series (subject to the Opening MMQ Timer(s) requirements in paragraph (d)(3) of this Rule).”<sup>8</sup>

#### Proposed Change to Commencement of the Auction Process

The Exchange proposes to remove from the Rule the requirements that the Exchange delay its opening Auction until it disseminates a Rotational Quote and waits at least two additional milliseconds post-dissemination (the “Rotational Quote Requirement”).<sup>9</sup> The

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<sup>4</sup> “Auction Process” refers to the process that begins when the Exchange receives an Auction Trigger for a series and ends when the Auction is conducted. See Rule 6.64P-O(a)(5).

<sup>5</sup> “Rotational Quote” refers to the highest Market Maker bid and lowest Market Maker offer on the Exchange when the Auction Process begins, and such Rotational Quote will be updated (for price and size) during the Auction Process. See Rule 6.64P-O(a)(13).

<sup>6</sup> See Rule 6.64P-O(d)(1).

<sup>7</sup> See Rule 6.64P-O(a)(7). For a Core Open Auction, the Auction Trigger occurs at or after 9:30 a.m. EST and for a Trading Halt Auction, the Auction Trigger occurs at the end of a trading halt. See Rule 6.64P-O(a)(7)(A) and (B), respectively.

<sup>8</sup> See Rule 6.64P-O(d)(2). See Rule 6.64P-O(a)(10)(A)-(C) (describing that a Legal Width Quote is comprised of a Calculated NBBO that may be locked, but not crossed, does not contain a zero offer, and does not exceed the Exchange-determined “maximum differential”). A Calculated NBBO is “the highest bid and lowest offer” among all Market Maker quotes and the ABBO [i.e., Away Market BBO] during the Auction Process. See Rule 6.64P-O(a)(8).

<sup>9</sup> See proposed Rule 6.64P-O(d)(1)-(2). Consistent with this proposed change, the Exchange proposes to eliminate from Rule 6.64P-O(a)(13) the definition of Rotational Quote. See proposed Rule 6.64P-O(a) (which would no longer include (a)(13)).

proposed rule will specify that, upon receipt of an Auction Trigger for an underlying security, the Exchange will disseminate a message to market participants indicating the initiation of the opening process and will begin transitioning each option series for that underlying security from a pre-open state to continuous trading.<sup>10</sup> This proposed change does not alter any of the other prerequisites to commencing an Auction. Consistent with current functionality, the Auction process will begin opening an option series once there is a Legal Width Quote.<sup>11</sup>

The Exchange believes that this proposed change would result in a more timely and efficient opening process. At a minimum, once the Auction Trigger is received and, absent the Rotational Quote Requirement, each option series would open at least two milliseconds earlier.<sup>12</sup> The Exchange has determined (based on feedback from market participants) that the relative benefit of delaying the Auction Process for the Rotational Quote Requirement is outweighed by the benefit of improving the speed at which each option series opens. The Exchange notes that, notwithstanding the proposal to eliminate the Rotational Quote Requirement, the Exchange would continue to disseminate imbalance messages as early as 8:00 a.m. EST indicating the trading interest available in each option series pre-Auction (i.e., the “Auction Imbalance Information”).<sup>13</sup> Similarly, the proposed elimination of the Rotational Quote Requirement would likewise not alter the other prerequisites to the Exchange commencing an Auction (e.g., the presence of a Legal Width Quote). Furthermore, the Exchange notes that its Auction Process, as modified herein, would remain consistent with that of at least one other options exchange that likewise does not include a Rotational Quote Requirement as a precondition to opening each option series.<sup>14</sup> The Exchange therefore believes that the proposal to

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<sup>10</sup> See proposed Rule 6.64P-O(d)(1). The proposed rule specifies that a message is disseminated to market participants informing them that the Auction Trigger has been received, the receipt of which enables the Exchange to transition option series in that underlying security from a pre-open state to continuous trading. The Exchange notes that the dissemination of a message indicating receipt of the Auction Trigger is consistent with current functionality except that, with the removal of the Rotational Quote Requirement, this message now signals to market participants that the Exchange may commence its transition of option series in that underlying to continuous trading.

<sup>11</sup> The Rule addresses how an option series transitions from pre-open state to continuous trading in circumstances where, after a specified time period, the prerequisites to commencing an Auction have not yet been satisfied. See Rule 6.64P-O(d)(4).

<sup>12</sup> Compare proposed Rule 6.64P-O(d)(2) with (current) Rule 6.64P-O(d)(2). The Exchange notes that the required delay of *at least* two milliseconds occurs *after* the Exchange has disseminated a Rotational Quote. Thus, under the current Rule, the time lapse from receipt of Auction Trigger to commencing an Auction is, by necessity, longer than two milliseconds. See Rule 6.64P-O(d)(2).

<sup>13</sup> See Rule 6.64P-O(c)(1). The Auction Imbalance Information includes the Auction Collars, Auction Indicator, Book Clearing Price, Far Clearing Price, Indicative Match Price, Matched Volume, Market Imbalance, and Total Imbalance. See Rule 6.64P-O(a)(3)(A)-(D). For Trading Halt Auctions, the Exchange disseminates the Auction Imbalance Information at the beginning of a trading halt See Rule 6.64P-O(c)(2).

<sup>14</sup> See, e.g., Cboe Options Exchange Inc. (“Cboe”) Rule 5.31(d)(1)(A)(ii) (providing that Cboe initiates its “opening rotation” for a series upon receipt of “both the first disseminated transaction and the first disseminated quote on the primary market” on or after 9:30 a.m. EST, which is identical the Exchange’s “Auction Trigger,” without waiting for the dissemination of a Rotational Quote (or an additional two milliseconds)). The Exchange believes that its “Auction Process” is akin to Cboe’s “opening rotation”

eliminate the Rotational Quote Requirement would benefit market participants because it would allow the Exchange to compete on more equal footing with at least one other options exchange that does not include such a requirement as a precondition to opening each series.

Finally, the Exchange proposes to make a technical change to renumber current Rule 6.64P-O(a)(5)(i) to Rule 6.64P-O(a)(5)(A), which would add clarity and internal consistency to Exchange rules.

(b) Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Securities Exchange Act of 1934 (the “Act”),<sup>15</sup> in general, and furthers the objectives of Section 6(b)(5),<sup>16</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.

The Exchange believes the proposed changes to its Auction Process would promote a fair and orderly market by improving the speed and efficiency of the Exchange’s opening process. The Exchange has determined (based on feedback from market participants) that the relative benefit of delaying the Auction Process for the Rotational Quote Requirement is outweighed by the benefit of improving the speed at which each option series opens. The Exchange notes that, notwithstanding the proposal to eliminate the Rotational Quote Requirement, the Exchange would continue to disseminate the Auction Imbalance Information, which informs market participants about the trading interest available pre-Auction. Moreover, the proposed change would not alter any of the Exchange’s other prerequisites to commencing an Auction (e.g., the presence of a Legal Width Quote).

Furthermore, the Exchange believes that the proposed change would promote just and equitable principles of trade because it would allow the Exchange to compete on more equal footing with at least one other options exchange that does not include an analogous Rotational Quote Requirement as a precondition to opening each option series.<sup>17</sup>

4. Self-Regulatory Organization’s Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on

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(compare Rule 6.64P-O(a)(5) with Cboe Rule 5.31(e)) and its “Auction Imbalance Information” is akin to Cboe’s “Opening Auction Updates” (compare Rule 6.64P-O(a)(3) with Cboe Rule 5.31(c)). Like Cboe, the Exchange disseminates a message to its market participants to signal the initiating of the opening process. Compare Cboe Rule 5.31(d) with proposed Rule 6.64P-O(d)(1).

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

<sup>16</sup> 15 U.S.C. 78f(b)(5).

<sup>17</sup> See supra note 14 (regarding Cboe’s opening process, per Cboe Rule 5.31).

competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes that the proposed change to the Auction Process would not impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because all market participants that participate in the opening process may benefit equally from the proposal, as the rules of the Exchange apply equally to all market participants. With respect to inter-market competition, the Exchange notes that the Exchange's modified Auction Process would remain consistent with that of other options exchanges that likewise do not include a Rotational Quote Requirement as a precondition to opening each option series.<sup>18</sup>

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

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

6. Extension of Time Period for Commission Action

The Exchange does not consent at this time to an extension of any time period for Commission action.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)<sup>19</sup> of the Act and Rule 19b-4(f)(6)<sup>20</sup> thereunder. The proposed rule change effects a change that (A) does not significantly affect the protection of investors or the public interest; (B) does not impose any significant burden on competition; and (C) by its terms, does not become operative for thirty (30) days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest; provided that the self-regulatory organization has given 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.<sup>21</sup>

The proposed rule change would not significantly affect the protection of investors or the public interest because the proposed change would improve the speed and efficiency of the Exchange's opening process. The Exchange has determined (based on feedback from market participants) that the relative benefit of delaying the Auction Process for the Rotational Quote Requirement is outweighed by the benefit of improving the speed at

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<sup>18</sup> Id.

<sup>19</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>20</sup> 17 CFR 240.19b-4(f)(6).

<sup>21</sup> 17 CFR 240.19b-4(f)(6)(iii).

which each option series opens. The Exchange notes that, notwithstanding the proposal to eliminate the Rotational Quote Requirement, the Exchange would continue to disseminate the Auction Imbalance Information, which informs market participants about the trading interest available pre-Auction. Moreover, the proposed change would not alter any of the Exchange's other prerequisites to commencing an Auction (e.g., the presence of a Legal Width Quote).

The Exchange believes that the proposed change would not impose a significant burden on competition because at least one other options exchange likewise does not require the satisfaction of an analogous Rotational Quote Requirement as a precondition to opening each option series.<sup>22</sup>

At any time within sixty (60) days of the filing of such proposed rule change, the Commission may summarily 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.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

Not applicable.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

9. Exhibits

Exhibit 1 – Form of Notice of Proposed Rule Change for Federal Register

Exhibit 5 – Text of Proposed Rule Change

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<sup>22</sup> See supra note 14 (regarding Cboe's opening process, per Cboe Rule 5.31).



SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34- ; File No. SR-NYSEARCA-2024-66)

[Date]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness  
of Proposed Rule Change to Amend Rule 6.64P-O

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (“Act”)<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that, on August 13, 2024, NYSE Arca, Inc. (“NYSE Arca” 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 amend Rule 6.64P-O (Auction Process). 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

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<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.

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 modify Rule 6.64P-O (Auction Process) regarding the automated process for opening (and reopening) option series on the Exchange.<sup>4</sup>

Rule 6.64P-O (the “Rule”) describes the opening Auction Process.<sup>5</sup> The Exchange has determined that the Auction Process could be incrementally improved by removing the existing requirement that the Exchange disseminate a Rotational Quote before commencing an Auction. The Exchange believes that this proposed modification could enhance the speed and efficiency of its Auction Process without impairing price discovery.

Commencement of the Auction Process

Pursuant to the Rule, for each option series, the Auction Process begins once the Exchange receives the Auction Trigger, and the Exchange sends a Rotational Quote<sup>6</sup> to both OPRA and proprietary data feeds.<sup>7</sup> The Auction Trigger occurs when the Primary Market for the underlying security first disseminates both a two-sided quote and a trade of any size that is at or within the quote.”<sup>8</sup> The Auction Trigger signals the opening of trading in an underlying security,

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<sup>4</sup> An “Auction” refers to the opening or reopening of a series for trading either with or without a trade. See Rule 6.64P-O(a)(1). For simplicity, the Exchange will simply refer to the “opening” of a series herein.

<sup>5</sup> “Auction Process” refers to the process that begins when the Exchange receives an Auction Trigger for a series and ends when the Auction is conducted. See Rule 6.64P-O(a)(5).

<sup>6</sup> “Rotational Quote” refers to the highest Market Maker bid and lowest Market Maker offer on the Exchange when the Auction Process begins, and such Rotational Quote will be updated (for price and size) during the Auction Process. See Rule 6.64P-O(a)(13).

<sup>7</sup> See Rule 6.64P-O(d)(1).

<sup>8</sup> See Rule 6.64P-O(a)(7). For a Core Open Auction, the Auction Trigger occurs at or after 9:30 a.m. EST and for a Trading Halt Auction, the Auction Trigger occurs at the end of a trading halt. See Rule 6.64P-

which in turn, enables the Exchange to commence the process of opening options on that underlying.

After the Auction Trigger, the Exchange sends a Rotational Quote for each option series on the underlying security. Once a Rotational Quote is disseminated, the Exchange waits a minimum of two milliseconds and then conducts an Auction, provided that “there is both a Legal Width Quote and, if applicable, Market Maker quotes with a non-zero offer in the series (subject to the Opening MMQ Timer(s) requirements in paragraph (d)(3) of this Rule).”<sup>9</sup>

#### Proposed Change to Commencement of the Auction Process

The Exchange proposes to remove from the Rule the requirements that the Exchange delay its opening Auction until it disseminates a Rotational Quote and waits at least two additional milliseconds post-dissemination (the “Rotational Quote Requirement”).<sup>10</sup> The proposed rule will specify that, upon receipt of an Auction Trigger for an underlying security, the Exchange will disseminate a message to market participants indicating the initiation of the opening process and will begin transitioning each option series for that underlying security from a pre-open state to continuous trading.<sup>11</sup> This proposed change does not alter any of the other

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O(a)(7)(A) and (B), respectively.

<sup>9</sup> See Rule 6.64P-O(d)(2). See Rule 6.64P-O(a)(10)(A)-(C) (describing that a Legal Width Quote is comprised of a Calculated NBBO that may be locked, but not crossed, does not contain a zero offer, and does not exceed the Exchange-determined “maximum differential”). A Calculated NBBO is “the highest bid and lowest offer” among all Market Maker quotes and the ABBO [i.e., Away Market BBO] during the Auction Process. See Rule 6.64P-O(a)(8).

<sup>10</sup> See proposed Rule 6.64P-O(d)(1)-(2). Consistent with this proposed change, the Exchange proposes to eliminate from Rule 6.64P-O(a)(13) the definition of Rotational Quote. See proposed Rule 6.64P-O(a) (which would no longer include (a)(13)).

<sup>11</sup> See proposed Rule 6.64P-O(d)(1). The proposed rule specifies that a message is disseminated to market participants informing them that the Auction Trigger has been received, the receipt of which enables the Exchange to transition option series in that underlying security from a pre-open state to continuous trading. The Exchange notes that the dissemination of a message indicating receipt of the Auction Trigger is consistent with current functionality except that, with the removal of the Rotational Quote Requirement, this message now signals to market participants that the Exchange may commence its transition of option series in that underlying to continuous trading.

prerequisites to commencing an Auction. Consistent with current functionality, the Auction process will begin opening an option series once there is a Legal Width Quote.<sup>12</sup>

The Exchange believes that this proposed change would result in a more timely and efficient opening process. At a minimum, once the Auction Trigger is received and, absent the Rotational Quote Requirement, each option series would open at least two milliseconds earlier.<sup>13</sup> The Exchange has determined (based on feedback from market participants) that the relative benefit of delaying the Auction Process for the Rotational Quote Requirement is outweighed by the benefit of improving the speed at which each option series opens. The Exchange notes that, notwithstanding the proposal to eliminate the Rotational Quote Requirement, the Exchange would continue to disseminate imbalance messages as early as 8:00 a.m. EST indicating the trading interest available in each option series pre-Auction (i.e., the “Auction Imbalance Information”).<sup>14</sup> Similarly, the proposed elimination of the Rotational Quote Requirement would likewise not alter the other prerequisites to the Exchange commencing an Auction (e.g., the presence of a Legal Width Quote). Furthermore, the Exchange notes that its Auction Process, as modified herein, would remain consistent with that of at least one other options exchange that likewise does not include a Rotational Quote Requirement as a precondition to opening each option series.<sup>15</sup> The Exchange therefore believes that the proposal to eliminate the Rotational

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<sup>12</sup> The Rule addresses how an option series transitions from pre-open state to continuous trading in circumstances where, after a specified time period, the prerequisites to commencing an Auction have not yet been satisfied. See Rule 6.64P-O(d)(4).

<sup>13</sup> Compare proposed Rule 6.64P-O(d)(2) with (current) Rule 6.64P-O(d)(2). The Exchange notes that the required delay of *at least* two milliseconds occurs *after* the Exchange has disseminated a Rotational Quote. Thus, under the current Rule, the time lapse from receipt of Auction Trigger to commencing an Auction is, by necessity, longer than two milliseconds. See Rule 6.64P-O(d)(2).

<sup>14</sup> See Rule 6.64P-O(c)(1). The Auction Imbalance Information includes the Auction Collars, Auction Indicator, Book Clearing Price, Far Clearing Price, Indicative Match Price, Matched Volume, Market Imbalance, and Total Imbalance. See Rule 6.64P-O(a)(3)(A)-(D). For Trading Halt Auctions, the Exchange disseminates the Auction Imbalance Information at the beginning of a trading halt See Rule 6.64P-O(c)(2).

<sup>15</sup> See, e.g., Cboe Options Exchange Inc. (“Cboe”) Rule 5.31(d)(1)(A)(ii) (providing that Cboe initiates its

Quote Requirement would benefit market participants because it would allow the Exchange to compete on more equal footing with at least one other options exchange that does not include such a requirement as a precondition to opening each series.

Finally, the Exchange proposes to make a technical change to renumber current Rule 6.64P-O(a)(5)(i) to Rule 6.64P-O(a)(5)(A), which would add clarity and internal consistency to Exchange rules.

## 2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Securities Exchange Act of 1934 (the “Act”),<sup>16</sup> in general, and furthers the objectives of Section 6(b)(5),<sup>17</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.

The Exchange believes the proposed changes to its Auction Process would promote a fair and orderly market by improving the speed and efficiency of the Exchange’s opening process. The Exchange has determined (based on feedback from market participants) that the relative benefit of delaying the Auction Process for the Rotational Quote Requirement is outweighed by

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“opening rotation” for a series upon receipt of “both the first disseminated transaction and the first disseminated quote on the primary market” on or after 9:30 a.m. EST, which is identical the Exchange’s “Auction Trigger,” without waiting for the dissemination of a Rotational Quote (or an additional two milliseconds)). The Exchange believes that its “Auction Process” is akin to Cboe’s “opening rotation” (compare Rule 6.64P-O(a)(5) with Cboe Rule 5.31(e)) and its “Auction Imbalance Information” is akin to Cboe’s “Opening Auction Updates” (compare Rule 6.64P-O(a)(3) with Cboe Rule 5.31(c)). Like Cboe, the Exchange disseminates a message to its market participants to signal the initiating of the opening process. Compare Cboe Rule 5.31(d) with proposed Rule 6.64P-O(d)(1).

<sup>16</sup> 15 U.S.C. 78f(b).

<sup>17</sup> 15 U.S.C. 78f(b)(5).

the benefit of improving the speed at which each option series opens. The Exchange notes that, notwithstanding the proposal to eliminate the Rotational Quote Requirement, the Exchange would continue to disseminate the Auction Imbalance Information, which informs market participants about the trading interest available pre-Auction. Moreover, the proposed change would not alter any of the Exchange's other prerequisites to commencing an Auction (e.g., the presence of a Legal Width Quote).

Furthermore, the Exchange believes that the proposed change would promote just and equitable principles of trade because it would allow the Exchange to compete on more equal footing with at least one other options exchange that does not include an analogous Rotational Quote Requirement as a precondition to opening each option series.<sup>18</sup>

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 believes that the proposed change to the Auction Process would not impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because all market participants that participate in the opening process may benefit equally from the proposal, as the rules of the Exchange apply equally to all market participants. With respect to inter-market competition, the Exchange notes that the Exchange's modified Auction Process would remain consistent with that of other options exchanges that likewise do not include a Rotational Quote Requirement as a precondition to opening each option series.<sup>19</sup>

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<sup>18</sup> See supra note 15 (regarding Cboe's opening process, per Cboe Rule 5.31).

<sup>19</sup> Id.

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>20</sup> and Rule 19b-4(f)(6) thereunder.<sup>21</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 and Rule 19b-4(f)(6)(iii) thereunder.

A proposed rule change filed under Rule 19b-4(f)(6)<sup>22</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>23</sup> the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest.

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>24</sup> of the Act to determine

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<sup>20</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>21</sup> 17 CFR 240.19b-4(f)(6).

<sup>22</sup> 17 CFR 240.19b-4(f)(6).

<sup>23</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>24</sup> 15 U.S.C. 78s(b)(2)(B).

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 (<https://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-NYSEARCA-2024-66 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-NYSE- SR-NYSEARCA-2024-66. 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 (<https://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 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-SR-NYSEARCA-2024-66 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>25</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

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<sup>25</sup> 17 CFR 200.30-3(a)(12).

Additions underlined  
Deletions [bracketed]

**RULES OF THE NYSE ARCA, INC.**

\* \* \* \* \*

**OPTIONS RULES**

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**RULE 6-O OPTIONS TRADING**

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**Rule 6.64P-O. Auction Process**

(a) This Rule is applicable to all series that trade on the Exchange other than Flex Options. The following are definitions for purposes of Rule 6-O Options Trading that are applicable to trading on Pillar:

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(5) “Auction Process” means the process that begins when the Exchange receives an Auction Trigger for a series and ends when the Auction is conducted.

~~[(i)]~~(A) The “initial Auction Process time period” means an Exchange-determined time period after the commencement of the Auction Process as specified by Trader Update.

(6) “Auction Processing Period” means the period during which the Auction is being processed.

(7) “Auction Trigger” means the information disseminated by the Primary Market in the underlying security that triggers the Auction Process for a series to begin.

(A) For a Core Open Auction, the Auction Trigger is when the Primary Market first disseminates at or after 9:30 a.m. Eastern Time both a two-sided quote and a trade of any size that is at or within the quote.

(B) For a Trading Halt Auction, the Auction Trigger is when the Primary Market disseminates at the end of a trading halt or pause a resume message, a two-sided quote, and a trade of any size that is at or within the quote.

\* \* \* \* \*

[(13) “Rotational Quote” means the highest Market Maker bid and lowest Market Maker offer on the Exchange when the Auction Process begins. During the Auction Process, the Exchange will update the price and size of the Rotational Quote. A Rotational Quote can be locked or crossed. If there are no Market Maker quotes, the Rotational Quote will be published with a zero price and size.]

\* \* \* \* \*

(d) *Auction Process.*

(1) Upon receipt of the Auction Trigger for an underlying security, the Exchange disseminates a message to market participants indicating the initiation of the opening process and begins transitioning each option series for that underlying security from a pre-open state to continuous trading. [Rotational Quote. When the Exchange receives the Auction Trigger for a series, the Exchange will send a Rotational Quote to both OPRA and proprietary data feeds indicating that the Exchange is in the process of transitioning from a pre-open state to continuous trading for that series.]

(2) [Once a Rotational Quote has been sent, t]The Exchange will conduct an Auction when there is both a Legal Width Quote and, if applicable, Market Maker quote with a non-zero offer in the series (subject to the Opening MMQ Timer(s) requirements in paragraph (d)(3) of this Rule). [The Exchange will wait a minimum of two milliseconds after disseminating the Rotational Quote before an Auction can be conducted.] Subject to the above:

(A) If there is Matched Volume that can trade at or within the Auction Collars, the Auction will result in a trade at the Indicative Match Price, except as specified in Rule 6.64P-O(d)(4).

(B) If there is no Matched Volume that can trade at or within the Auction Collars, the Auction will not result in a trade and the Exchange will transition to continuous trading as described in paragraph (f) of this Rule and the Auction will result in a quote.

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