

of information to the Office of Management and Budget for extension and approval.

The title for the collection of information is: "Rule 204-5 under the Investment Advisers Act of 1940." Rule 204-5 requires an investment adviser to deliver an electronic or paper version of the relationship summary to each retail investor before or at the time the adviser enters into an investment advisory contract with the retail investor. The purpose of the relationship summary is to assist retail investors in making an informed choice when choosing an investment firm and professional, and type of account. Retail investors can use the information required in the relationship summary to determine whether to hire or retain an investment adviser, as well as what types of accounts and services are appropriate for their needs.

We estimate the total collection of information burden for rule 204-5 to be 1,137,413 annual aggregate hours per year, or 124 hours per respondent, for a total annual aggregate monetized cost of \$77,344,061, or \$8,402 per adviser.

The likely respondents to this information collection are approximately 9,205 investment advisers registered with the Commission that are required to deliver a relationship summary to retail investors pursuant to rule 204-5. We also note that these figures include the 325 registered broker-dealers that are dually registered as investment advisers.

The requirements of this collection of information are mandatory. Responses will not be kept confidential. An agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a currently valid control number. Written comments are invited on: (a) whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information shall have practical utility; (b) the accuracy of the Commission's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted by November 14, 2022.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information under the PRA unless it displays a currently valid OMB control number.

Please direct your written comments to: David Bottom, Director/Chief Information Officer, Securities and Exchange Commission, c/o John Pezzullo, 100 F Street NE, Washington, DC 20549 or send an email to: [PRA\\_Mailbox@sec.gov](mailto:PRA_Mailbox@sec.gov).

Dated: September 7, 2022.

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

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-95687; File No. SR-NYSEARCA-2022-57]

### Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Rule 6.62P-O(a)(4)

September 7, 2022.

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 29, 2022, 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 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 Rule 6.62P-O(a)(4) to modify the values used to determine Trading Collars. 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.

<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.

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 Rule 6.62P-O(a)(4) to modify the values used to determine Trading Collars as set forth below.

The Exchange has in place various price check features that are designed to help maintain a fair and orderly market, including Trade Collar Protection.<sup>4</sup> Trading Collars mitigate the risks associated with orders sweeping through multiple price points (including during extreme market volatility) and resulting in executions at prices that are potentially erroneous. Specifically, a Market Order or Limit Order to buy (sell) will not trade or route to an Away Market at a price above (below) the Trading Collar assigned to that order.<sup>5</sup> As such, Trading Collars function as a ceiling (for buy orders) or floor (for sell orders) of the price at which such order could be traded, displayed, or routed.

Trading Collars are determined based on the Reference Price, which for an order to buy (sell) is the NBO (NBB).<sup>6</sup> Under the current rule, the Trading Collar for an order to buy (sell) is a specified amount above (below) the Reference Price, as follows: (1) for orders with a Reference Price of \$1.00 or lower, \$0.25; or (2) for orders with a Reference Price above \$1.00, the lower of \$2.50 or 25%.<sup>7</sup>

The current Trading Collar functionality (and the method of calculation) was recently implemented in connection with the Exchange's migration to the Pillar trading platform.<sup>8</sup> Consistent with the pre-Pillar functionality (under Rule 6.60-O(a)),

<sup>4</sup> See Rule 6.62P-O(a)(4)(A). Trading Collars assigned to an order are calculated once per trading day and would be updated only if the series is halted. See *id.*

<sup>5</sup> Rule 6.62P-O(a)(1) provides that a Market Order is "[a]n unpriced order message to buy or sell a stated number of option contracts at the best price obtainable, subject to the Trading Collar assigned to the order. A Market Order may be designated Day or GTC." Rule 6.62P-O(a)(2) provides that a Limit Order is "[a]n order message to buy or sell a stated number of option contracts at a specified price or better, subject to Limit Order Price Protection and the Trading Collar assigned to the order."

<sup>6</sup> See Rule 6.62P-O(a)(4)(B).

<sup>7</sup> See Rule 6.62P-O(a)(4)(C).

<sup>8</sup> The Exchange announced the migration of the fifth and final tranche of symbols to the Pillar trading platform, via Trader Update, available here: <https://www.nyse.com/trader-update/history#110000440092>.

the Trading Collar thresholds were designed to be within the current parameters for determining whether a trade is an Obvious Error or Catastrophic Error to protect per Rule 6.87–O (the “Obvious Error Rule”).<sup>9</sup> While the Exchange believes that these recent changes have been generally successful in protecting market

participants against bad executions, the Exchange has determined that additional modifications would enhance the Trading Collar functionality. The Exchange therefore proposes to modify the Trading Collar thresholds to better align with the thresholds in the Obvious Error Rule. As such, the proposed change is designed to (further) prevent

the trading of aggressively-priced interest that, if executed, would qualify to be handled under the procedures set forth in the Obvious Error Rule.

Specifically, the Exchange proposes to amend Rule 6.62P–O(a)(4)(C) to modify the values used to calculate the Trading Collars as follows:

\* \* \* \* \*

Reference price	Trading collar
\$0.00 to \$1.00 .....	\$0.20.
\$1.01 to \$2.00 .....	Lesser of \$0.20 or 25% of the Reference Price.
\$2.01 to \$3.00 .....	Lesser of \$0.30 or 25% of the Reference Price.
\$3.01 to \$5.00 .....	Lesser of \$0.30 or 25% of the Reference Price.
\$5.01 to \$7.50 .....	Lesser of \$0.40 or 25% of the Reference Price.
\$7.51 to \$10.00 .....	Lesser of \$0.40 or 25% of the Reference Price.
\$10.01 to \$20.00 .....	Lesser of \$0.70 or 25% of the Reference Price.
\$20.01 to \$50.00 .....	Lesser of \$0.90 or 25% of the Reference Price.
\$50.01 to \$100.00 .....	Lesser of \$1.40 or 25% of the Reference Price.
\$100.01 and above .....	Lesser of \$1.90 or 25% of the Reference Price.

Consistent with current Rule 6.62P–O(a)(4)(C)(i), if the calculation of a Trading Collar would not be in the Minimum Price Variation or MPV for the series, such calculation would be rounded down to the nearest price within the applicable MPV.

In addition, the Exchange proposes that the amounts in the proposed table above would apply, “[u]nless announced otherwise by Trader Update,” which discretion is consistent with the implementation of Trading Collars on other option exchanges.<sup>10</sup>

The Exchange believes that the proposed modifications would enhance the efficacy of the price protection afforded by Trading Collars and the proposed values for determining such collars would better align with the current parameters for determining whether a trade is an Obvious Error or Catastrophic Error.

**Implementation**

The Exchange will announce the implementation of this proposal via Trader Update to be published no later than 60 days following the effectiveness of this this rule.

**2. Statutory Basis**

The proposed rule change is consistent with Section 6(b) of the Securities Exchange Act of 1934 (the “Act”),<sup>11</sup> in general, and furthers the objectives of Section 6(b)(5),<sup>12</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.

Overall, the Exchange believes the proposed change is consistent with the protection of investors and the investing public and would promote a fair and orderly market because it would enhance the (recently revised) operation of the Trading Collar functionality and would continue to protect investors from receiving bad executions away from prevailing market prices. Further, the Exchange believes that the proposed modification would promote just and equitable principles of trade as the proposed values for determining Trading Collars would better align with the current parameters for determining whether a trade is an Obvious Error or Catastrophic Error.<sup>13</sup>

In addition, the Exchange believes that its proposal to retain discretion to modify the values used to determine the Trading Collar would promote just and equitable principles of trade because it would allow the Exchange to respond to certain market conditions as necessary, which discretion is consistent with the

implementation of Trading Collars on other option exchanges.<sup>14</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. Instead, the Exchange believes the proposal would enhance the operation of the Trading Collars that provide market participants with protection from anomalous executions. Thus, the Exchange does not believe the proposal creates any significant impact on competition.

**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>15</sup> and Rule 19b–4(f)(6) thereunder.<sup>16</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

<sup>9</sup> See Rules 6.87–O(c)(1) (thresholds for Obvious Errors) and 6.87–O(d)(1) (thresholds for Catastrophic Errors).

<sup>10</sup> See, e.g., NYSE American Rule 967NY(a)(2) (providing that the values set forth in paragraphs (A)(i)–(v) of Rule 967NY(a)(2) apply “unless announced otherwise via Trader Update. . .”). The Exchange notes that, when migrating to Pillar, it

inadvertently failed to include this language affording the Exchange discretion to modify the Trading Collars. See, e.g., Rule 6.60–O(a)(2) (providing that the values set forth in paragraphs (A)(i)–(v) of Rule 6.60–O(a)(2) apply “unless announced otherwise via Trader Update. . .”).

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

<sup>12</sup> 15 U.S.C. 78f(b)(5).

<sup>13</sup> See, e.g., Rules 6.87–O(c)(1) (thresholds for Obvious Errors) and 6.87–O(d)(1) (thresholds for Catastrophic Errors).

<sup>14</sup> See, e.g., NYSE American Rule 967NY(a)(2).

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

<sup>16</sup> 17 CFR 240.19b–4(f)(6).

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.<sup>17</sup>

A proposed rule change filed under Rule 19b-4(f)(6)<sup>18</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>19</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 immediately upon filing. The Commission believes that waiver of the operative delay is consistent with the protection of investors and the public interest because it will allow the Exchange to provide, without delay, further protections against potentially erroneous executions. Accordingly, the Commission hereby waives the 30-day operative delay and designates the proposal operative upon filing.<sup>20</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>21</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.

<sup>17</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) 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 fulfilled this requirement.

<sup>18</sup> 17 CFR 240.19b-4(f)(6).

<sup>19</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>20</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>21</sup> 15 U.S.C. 78s(b)(2)(B).

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-NYSEARCA-2022-57 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-NYSEARCA-2022-57. 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-NYSEARCA-2022-57 and should be submitted on or before October 4, 2022.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>22</sup>

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

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<sup>22</sup> 17 CFR 200.30-3(a)(12).

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-95691; File No. SR-NYSE-2022-32]

### Self-Regulatory Organizations; New York Stock Exchange LLC; Order Approving a Proposed Rule Change To Amend NYSE Rule 7.35B Relating to the Closing Auction and Make Certain Conforming and Non-Substantive Changes to NYSE Rules 7.31, 7.35, 7.35B and 104

September 7, 2022.

#### I. Introduction

On July 13, 2022, New York Stock Exchange LLC ("NYSE" or "Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to amend NYSE Rule 7.35B (DMM-Facilitated Closing Auctions) relating to the Closing Auction, and make certain conforming and non-substantive changes to NYSE Rules 7.31 (Orders and Modifiers), 7.35 (General), 7.35B, and NYSE Rule 104 (Dealings and Responsibilities of DMMs). The proposed rule change was published for comment in the **Federal Register** on July 28, 2022.<sup>3</sup> The Commission has received no comment letters on the proposed rule change. This order approves the proposal.

#### II. Description of the Proposal

The Exchange proposes to amend NYSE Rule 7.35B to add price parameters within which Designated Market Makers ("DMMs") must select a Closing Auction Price when facilitation the Closing Auctions in their assigned securities. As described below, the Closing Auction Price determined by the DMM must be at a price that is at or between the last-published Imbalance Reference Price and the last-published Continuous Book Clearing Price. Further, the Exchange proposes to modify how the DMM would participate in the Closing Auction by canceling any resting DMM Orders at the end of Core Trading Hours. The Exchange also proposes to make conforming changes to other affected rules.

The Exchange states that the proposed changes would make the Closing Auction more transparent and deterministic while retaining the

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

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

<sup>3</sup> See Securities Exchange Act Release No. 95354 (July 22, 2022), 87 FR 45382 (July 28, 2022) ("Notice").