

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 30		SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4		File No. * SR 2024 - * 34 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"/>	
Pilot <input type="checkbox"/>		Extension of Time Period for Commission Action * <input type="checkbox"/>		Date Expires * <input type="text"/>	
		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) * <input type="checkbox"/>			Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 Section 3C(b)(2) * <input type="checkbox"/>		
Exhibit 2 Sent As Paper Document <input type="checkbox"/>			Exhibit 3 Sent As Paper Document <input type="checkbox"/>		
<b>Description</b> Provide a brief description of the action (limit 250 characters, required when Initial is checked *). <div>Proposal to revise Rule 10.16</div>					
<b>Contact Information</b> 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 * David Last Name * De Gregorio Title * Associate General Counsel, NYSE Group Inc. E-mail * David.Degregorio@ice.com Telephone * (212) 656-4166 Fax (212) 656-8101					
<b>Signature</b> 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 04/23/2024 (Title *) By Patrick Troy Associate General Counsel, (Name *) 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. Patrick Troy Digitally signed by Patrick Troy Date: 2024.04.23 17:17:52 -04'00'					

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 EDFS website.

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

Add Remove View

19b-4 of NYSE Arca Sanctions Guidel

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 \***

Add Remove View

Ex. 1 of SEC Sub of NYSE Arca Sanc

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 \***

Add Remove View

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**

Add Remove View

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**

Add Remove View

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**

Add Remove View

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 of SEC Sub of NYSE Arca Sanc

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**

Add Remove View

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 (the “Exchange Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> NYSE Arca, Inc. (“NYSE Arca” or the “Exchange”) proposes to revise Rule 10.16 to adopt streamlined sanction guidelines for its options marketplace based on NYSE American LLC Rule 601 and make certain conforming changes.

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 significant indirect effect, on the application of 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 is required under the Exchange’s governing documents. Therefore, the Exchange’s internal procedures with respect to the proposed rule change are complete.

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

David De Gregorio  
Associate General Counsel  
NYSE Group, Inc.  
(212) 656-4166

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

- (a) Purpose

The Exchange proposes to revise Rule 10.16 (NYSE Arca Sanctioning Guidelines - Options) to adopt streamlined sanction guidelines for its options marketplace based on NYSE American LLC (“NYSE American”) Rule 601 and make certain conforming changes.

---

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

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

### Background and Proposed Rule Change

The current Sanction Guidelines in Rule 10.16 were adopted pursuant to the provisions of Section IV.B.i of the Commission's September 11, 2000 Order Instituting Administrative Proceedings Pursuant to Section 19(h)(1) of the Act (the "2000 Order"), which required the Exchange to adopt rules establishing, or modifying existing, sanctioning guidelines such that they are reasonably designed to effectively enforce compliance with options order handling rules, including the duty of best execution with respect to the handling of orders after the broker-dealer routes the order to such respondent exchange, limit order display, priority, firm quote, and trade reporting rules.<sup>3</sup> Like its affiliate NYSE American, which also adopted sanction guidelines in response to the 2000 Order,<sup>4</sup> the Exchange incorporated fine ranges in its sanctions guidelines for specific rule violations. Unlike NYSE American, the Exchange's suggested monetary sanctions are very broad (\$10,000-\$100,000 in four instances and \$10,000-\$150,000 in two instances). The current Exchange sanction guidelines are otherwise similar to the sanction guidelines adopted by NYSE American in response to the 2000 Order.

Recently, NYSE American adopted a new Rule 601 incorporating sanctions guidelines similar to Cboe Exchange, Inc. ("Cboe") Rule 13.11, Supplementary Material .01, in place of those original sanction guidelines.<sup>5</sup> The new, streamlined sanction guidelines adopted by NYSE American eliminated specific fine ranges for violations and continued to reflect a principles-based approach to sanctions guidelines applicable to all options rules. The Exchange believes that adopting the same NYSE American sanction guidelines that do not contain specific recommended fine ranges for a subset of rules would similarly modernize and update Rule 10.16 in important respects while continuing to provide flexible guidelines for determining appropriate remedial sanctions consistent with the intention of the original rule.<sup>6</sup> Further, because both NYSE American Rule 601 and Cboe Rule 13.11 take a more streamlined approach, the Exchange believes the proposed rule would more clearly and succinctly set forth current relevant considerations

---

<sup>3</sup> See Securities Exchange Act Release Nos. 45416 (February 7, 2002), 67 FR 6777 (February 13, 2002) (SR-PCX-2001-23) (Notice); 45567 (March 15, 2002), 67 FR 13392 (March 22, 2002) (SR-PCX-2001-23) (Order). See generally Securities Exchange Act Release No. 43268 (September 11, 2000), Administrative Proceeding File No. 3-10282.

<sup>4</sup> Other exchanges subject to the 2000 Order, however, did not adopt specific fine ranges as part of their sanction guidelines. See, e.g., Securities Exchange Act Release Nos. 45427 (February 8, 2002), 67 FR 6958 (February 14, 2002) (Notice); 45571 (March 15, 2002), 67 FR 13382 (March 22, 2002) (SR-CBOE-2001-71) (Order Granting Accelerated Approval of Proposed Rule Change and Notice of Filing and Order Granting Accelerated Approval of Amendment No. 1 Thereto by the Chicago Board Options Exchange, Inc. To Incorporate Certain Principal Considerations in Determining Sanctions and To Incorporate in the Exchange's Minor Rule Violation Plan Violations of the Exchange's Order Handling Rules).

<sup>5</sup> See Securities Exchange Act Release No. 98798 (October 25, 2023), 88 FR 74544 (October 31, 2023) (SR-NYSEAMER-2023-49) (Notice of Filing and Immediate Effectiveness of Proposed Change To Delete Legacy Disciplinary Rules 475, 476, 476A, and 477 and Make Conforming Changes to Rule 41, Rules 8001, 8130(d), 8320(d), 9001, 9216(b)(1), 9810(a), and 781 of the Office Rules, Rules 2A, 12E, 3170(a)(3), 902NY and Adopt a New Rule 600 and Make Conforming Changes to Rules 3170(C)(3), and Adopt a New Rule 601).

<sup>6</sup> See 67 FR at 6771.

regarding the adjudication of disciplinary actions.

In addition, the Exchange believes that the proposed rule would be consistent with the 2000 Order. The Exchange's current sanction guidelines are similar to the guidelines that NYSE American replaced. Moreover, the text of NYSE American Rule 601 was based on Cboe Rule 13.11 that was also adopted to satisfy the 2000 Order. As proposed, the Exchange would reproduce the text of NYSE American Rule 601 almost verbatim. In addition, by modernizing and updating the Exchange's sanctions guidelines, the Exchange would further enhance its disciplinary processes consistent with the 2000 Order. Finally, the proposed rule would promote regulatory consistency across options exchanges in determining appropriate remedial sanctions for violations of options rules.

As is currently the case, proposed Rule 10.16 would not apply to the equities market.<sup>7</sup> As such, proposed Rule 10.16 would carry forward the current practice whereby the various bodies with responsibility for the adjudication of disciplinary actions, including Hearing Panels, Hearing Officers, the Committee for Review ("CFR"), and the Board of Directors ("Board"), defined in the proposed Rule collectively as "Adjudicatory Bodies," would consider relevant Exchange precedent or such other precedent as they deem appropriate in determining sanctions imposed against OTP Holders or OTP Firms and their covered persons as defined in Rule 10.9120(g) of the Exchange's disciplinary rules. The proposed definition of Adjudicatory Bodies would be updated to reflect the terms provided for in the current disciplinary rules, including "Hearing Panels" and "Extended Hearing Panels" in place of "Ethics and Business Conduct Committee," and "Committee for Review" and "Chief Regulatory Officer ("CRO")," given the role of each in the disciplinary and settlement processes. In addition, for the avoidance of doubt, the Exchange would include the CRO's delegees in the definition of Adjudicatory Bodies, which corresponds to the current definition of Adjudicatory Bodies as inclusive of Exchange regulatory staff. Similarly for the avoidance of doubt, the Exchange would add letters of acceptance, waiver and consent to the list of ways a disciplinary matter can be resolved as well as summary sanctions in options-related matters governed by Rule 10.13 and appeals of Floor citations and summary sanctions governed by Rule 10.11, which are unique to the Exchange.<sup>8</sup> The remainder of the proposed Rule would be identical to NYSE American Rule 601.

Finally, the Exchange would conform Rules 10.0 (Legacy Disciplinary Proceedings, Other Hearings and Appeals) and 10.9001 (Effective Date of Rule 10.9000 Series) to reflect the change in the title of Rule 10.16 replacing "Sanctioning" with "Sanctions."

---

<sup>7</sup> See note 3 and accompanying text, *supra*.

<sup>8</sup> For the further avoidance of doubt, neither the list of ways that a proposed disciplinary matter can be resolved nor the persons and entities comprising the definition of Adjudicatory Bodies in proposed Rule 10.16 are intended to be exhaustive.

(b) Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b)(5) of the Act,<sup>9</sup> in that 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. In addition, the Exchange believes that the proposed rule change furthers the objectives of Section 6(b)(7) of the Act,<sup>10</sup> in particular, in that it provides fair procedures for the disciplining of members and persons associated with members, the denial of membership to any person seeking membership therein, the barring of any person from becoming associated with a member thereof, and the prohibition or limitation by the Exchange of any person with respect to access to services offered by the Exchange or a member thereof.

Specifically, the Exchange believes that adopting sanction guidelines that are substantively the same as NYSE American Rule 601 would continue to permit the Exchange to impose sanctions consistently and fairly by reference to a streamlined rule, thereby continuing to provide fair procedures for the disciplining of members and persons associated with members, the denial of membership to any person seeking Exchange membership, the barring of any person from becoming associated with a member, and the prohibition or limitation by the Exchange of any person with respect to access to services offered by the Exchange or a member thereof pursuant to Section 6(b)(7)<sup>11</sup> of the Act.

The proposed rule would provide flexible and appropriate principles-based guidelines applicable to all options rules for determining remedial sanctions consistent with the intention of the Exchange's current sanctions guidelines rule.<sup>12</sup> Moreover, the Exchange believes that by adopting NYSE American Rule 601's more streamlined approach to sanctions guidelines, the Exchange believes the proposed rule would more clearly and succinctly set forth the current relevant considerations regarding the adjudication of disciplinary actions. Further, the Exchange believes that the proposed rule would also be consistent with the 2000 Order because the proposed rule is substantively the same as NYSE American Rule 601, which was in turn based on Cboe Rule 13.11 that was adopted to satisfy the same Commission order. Indeed, the Exchange believes that by modernizing and updating its sanctions guidelines, proposed Rule 10.16 would further enhance its disciplinary processes consistent with the 2000 Order and further ensure that the Exchange implements the most appropriate disciplinary mechanisms for violations and a fair process in determining same. Finally, the proposed rule would promote regulatory consistency and uniformity across options exchanges in determining appropriate remedial sanctions and the imposition of penalties.

---

<sup>9</sup> 15 U.S.C. 78f(b)(5).

<sup>10</sup> 15 U.S.C. 78f(b)(7).

<sup>11</sup> 15 U.S.C. 78f(b)(7).

<sup>12</sup> See 67 FR at 6771.

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 competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act. The proposed rule change is not intended to address competitive issues but rather is concerned solely with adopting updated, streamlined sanction guidelines based on the rules of the Exchange's affiliate that are consistent with a previous Commission order and continue to permit the Exchange to impose sanctions consistently and fairly.

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

Not applicable.

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

The Exchange believes that the proposal qualifies for immediate effectiveness upon filing as a "non-controversial" rule change in accordance with Section 19(b)(3)(A) of the Act<sup>13</sup> and Rule 19b-4(f)(6) thereunder.<sup>14</sup>

The Exchange asserts that the proposed rule change (i) will not significantly affect the protection of investors or the public interest, (ii) will not impose any significant burden on competition, and (iii) by its terms, will not become operative for 30 days after the date of this filing, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest. In addition, the Exchange provided the Commission with 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, or such shorter time as the Commission may designate.

The Exchange believes that the proposed rule change would not adversely affect investors or the public interest. Adopting the sanction guidelines based on the rules of another options exchange without substantive change would continue to permit the Exchange to impose sanctions consistently and fairly in keeping with the objectives of Section 6(b)(7)<sup>15</sup> of the Act. In addition, the Exchange believes that the proposed rule change would not impose a burden on competition because it is not intended to address competitive issues but rather is concerned solely with adopting updated, streamlined

---

<sup>13</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>14</sup> 17 CFR 240.19b-4(f)(6).

<sup>15</sup> 15 U.S.C. 78f(b)(7).

sanction guidelines based on the rules of the Exchange's affiliate that are consistent with a previous Commission order and continue to permit the Exchange to impose sanctions consistently and fairly.

For the foregoing reasons, this rule filing qualifies for immediate effectiveness as a "non-controversial" rule change under paragraph (f)(6) of Rule 19b-4.<sup>16</sup> At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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

NYSE American Rule 601.

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

Not applicable.

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

Not applicable.

11. Exhibits

Exhibit 1      Completed Notice of Proposed Rule Change for publication in the Federal Register.

Exhibit 5      Text of Proposed Rule Change.

---

<sup>16</sup> Id.



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

[Date]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Revise Rule 10.16

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 April 23, 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 revise Rule 10.16 to adopt streamlined sanction guidelines for its options marketplace based on NYSE American LLC Rule 601 and make certain conforming changes. 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

---

<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.

it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

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

1. Purpose

The Exchange proposes to revise Rule 10.16 (NYSE Arca Sanctioning Guidelines - Options) to adopt streamlined sanction guidelines for its options marketplace based on NYSE American LLC ("NYSE American") Rule 601 and make certain conforming changes.

Background and Proposed Rule Change

The current Sanction Guidelines in Rule 10.16 were adopted pursuant to the provisions of Section IV.B.i of the Commission's September 11, 2000 Order Instituting Administrative Proceedings Pursuant to Section 19(h)(1) of the Act (the "2000 Order"), which required the Exchange to adopt rules establishing, or modifying existing, sanctioning guidelines such that they are reasonably designed to effectively enforce compliance with options order handling rules, including the duty of best execution with respect to the handling of orders after the broker-dealer routes the order to such respondent exchange, limit order display, priority, firm quote, and trade reporting rules.<sup>4</sup> Like its affiliate NYSE American, which also adopted sanction guidelines in response to the 2000 Order,<sup>5</sup> the Exchange incorporated fine ranges in its sanctions guidelines

<sup>4</sup> See Securities Exchange Act Release Nos. 45416 (February 7, 2002), 67 FR 6777 (February 13, 2002) (SR-PCX-2001-23) (Notice); 45567 (March 15, 2002), 67 FR 13392 (March 22, 2002) (SR-PCX-2001-23) (Order). See generally Securities Exchange Act Release No. 43268 (September 11, 2000), Administrative Proceeding File No. 3-10282.

<sup>5</sup> Other exchanges subject to the 2000 Order, however, did not adopt specific fine ranges as part of their sanction guidelines. See, e.g., Securities Exchange Act Release Nos. 45427 (February 8, 2002), 67 FR 6958 (February 14, 2002) (Notice); 45571 (March 15, 2002), 67 FR 13382 (March 22, 2002) (SR-CBOE-2001-71) (Order Granting Accelerated Approval of Proposed Rule Change and Notice of Filing and Order Granting Accelerated Approval of Amendment No. 1 Thereto by the Chicago Board Options Exchange, Inc. To Incorporate Certain Principal Considerations in Determining Sanctions and To Incorporate in the

for specific rule violations. Unlike NYSE American, the Exchange's suggested monetary sanctions are very broad (\$10,000-\$100,000 in four instances and \$10,000-\$150,000 in two instances). The current Exchange sanction guidelines are otherwise similar to the sanction guidelines adopted by NYSE American in response to the 2000 Order.

Recently, NYSE American adopted a new Rule 601 incorporating sanctions guidelines similar to Cboe Exchange, Inc. ("Cboe") Rule 13.11, Supplementary Material .01, in place of those original sanction guidelines.<sup>6</sup> The new, streamlined sanction guidelines adopted by NYSE American eliminated specific fine ranges for violations and continued to reflect a principles-based approach to sanctions guidelines applicable to all options rules. The Exchange believes that adopting the same NYSE American sanction guidelines that do not contain specific recommended fine ranges for a subset of rules would similarly modernize and update Rule 10.16 in important respects while continuing to provide flexible guidelines for determining appropriate remedial sanctions consistent with the intention of the original rule.<sup>7</sup> Further, because both NYSE American Rule 601 and Cboe Rule 13.11 take a more streamlined approach, the Exchange believes the proposed rule would more clearly and succinctly set forth current relevant considerations regarding the adjudication of disciplinary actions.

In addition, the Exchange believes that the proposed rule would be consistent with the 2000 Order. The Exchange's current sanction guidelines are similar to the guidelines that NYSE

---

Exchange's Minor Rule Violation Plan Violations of the Exchange's Order Handling Rules).

<sup>6</sup> See Securities Exchange Act Release No. 98798 (October 25, 2023), 88 FR 74544 (October 31, 2023) (SR-NYSEAMER-2023-49) (Notice of Filing and Immediate Effectiveness of Proposed Change To Delete Legacy Disciplinary Rules 475, 476, 476A, and 477 and Make Conforming Changes to Rule 41, Rules 8001, 8130(d), 8320(d), 9001, 9216(b)(1), 9810(a), and 781 of the Office Rules, Rules 2A, 12E, 3170(a)(3), 902NY and Adopt a New Rule 600 and Make Conforming Changes to Rules 3170(C)(3), and Adopt a New Rule 601).

<sup>7</sup> See 67 FR at 6771.

American replaced. Moreover, the text of NYSE American Rule 601 was based on Cboe Rule 13.11 that was also adopted to satisfy the 2000 Order. As proposed, the Exchange would reproduce the text of NYSE American Rule 601 almost verbatim. In addition, by modernizing and updating the Exchange's sanctions guidelines, the Exchange would further enhance its disciplinary processes consistent with the 2000 Order. Finally, the proposed rule would promote regulatory consistency across options exchanges in determining appropriate remedial sanctions for violations of options rules.

As is currently the case, proposed Rule 10.16 would not apply to the equities market.<sup>8</sup> As such, proposed Rule 10.16 would carry forward the current practice whereby the various bodies with responsibility for the adjudication of disciplinary actions, including Hearing Panels, Hearing Officers, the Committee for Review ("CFR"), and the Board of Directors ("Board"), defined in the proposed Rule collectively as "Adjudicatory Bodies," would consider relevant Exchange precedent or such other precedent as they deem appropriate in determining sanctions imposed against OTP Holders or OTP Firms and their covered persons as defined in Rule 10.9120(g) of the Exchange's disciplinary rules. The proposed definition of Adjudicatory Bodies would be updated to reflect the terms provided for in the current disciplinary rules, including "Hearing Panels" and "Extended Hearing Panels" in place of "Ethics and Business Conduct Committee," and "Committee for Review" and "Chief Regulatory Officer ("CRO")," given the role of each in the disciplinary and settlement processes. In addition, for the avoidance of doubt, the Exchange would include the CRO's delegees in the definition of Adjudicatory Bodies, which corresponds to the current definition of Adjudicatory Bodies as inclusive of Exchange regulatory staff. Similarly for the avoidance of doubt, the Exchange would add letters

---

<sup>8</sup> See note 4 and accompanying text, supra.

of acceptance, waiver and consent to the list of ways a disciplinary matter can be resolved as well as summary sanctions in options-related matters governed by Rule 10.13 and appeals of Floor citations and summary sanctions governed by Rule 10.11, which are unique to the Exchange.<sup>9</sup> The remainder of the proposed Rule would be identical to NYSE American Rule 601.

Finally, the Exchange would conform Rules 10.0 (Legacy Disciplinary Proceedings, Other Hearings and Appeals) and 10.9001 (Effective Date of Rule 10.9000 Series) to reflect the change in the title of Rule 10.16 replacing “Sanctioning” with “Sanctions.”

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b)(5) of the Act,<sup>10</sup> in that 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. In addition, the Exchange believes that the proposed rule change furthers the objectives of Section 6(b)(7) of the Act,<sup>11</sup> in particular, in that it provides fair procedures for the disciplining of members and persons associated with members, the denial of membership to any person seeking membership therein, the barring of any person from becoming associated with a member thereof, and the prohibition or limitation by the Exchange of any person with respect to access to services offered by the Exchange or a member thereof.

---

<sup>9</sup> For the further avoidance of doubt, neither the list of ways that a proposed disciplinary matter can be resolved nor the persons and entities comprising the definition of Adjudicatory Bodies in proposed Rule 10.16 are intended to be exhaustive.

<sup>10</sup> 15 U.S.C. 78f(b)(5).

<sup>11</sup> 15 U.S.C. 78f(b)(7).

Specifically, the Exchange believes that adopting sanction guidelines that are substantively the same as NYSE American Rule 601 would continue to permit the Exchange to impose sanctions consistently and fairly by reference to a streamlined rule, thereby continuing to provide fair procedures for the disciplining of members and persons associated with members, the denial of membership to any person seeking Exchange membership, the barring of any person from becoming associated with a member, and the prohibition or limitation by the Exchange of any person with respect to access to services offered by the Exchange or a member thereof pursuant to Section 6(b)(7)<sup>12</sup> of the Act.

The proposed rule would provide flexible and appropriate principles-based guidelines applicable to all options rules for determining remedial sanctions consistent with the intention of the Exchange's current sanctions guidelines rule.<sup>13</sup> Moreover, the Exchange believes that by adopting NYSE American Rule 601's more streamlined approach to sanctions guidelines, the Exchange believes the proposed rule would more clearly and succinctly set forth the current relevant considerations regarding the adjudication of disciplinary actions. Further, the Exchange believes that the proposed rule would also be consistent with the 2000 Order because the proposed rule is substantively the same as NYSE American Rule 601, which was in turn based on Cboe Rule 13.11 that was adopted to satisfy the same Commission order. Indeed, the Exchange believes that by modernizing and updating its sanctions guidelines, proposed Rule 10.16 would further enhance its disciplinary processes consistent with the 2000 Order and further ensure that the Exchange implements the most appropriate disciplinary mechanisms for violations and a fair process in determining same. Finally, the proposed rule would promote

---

<sup>12</sup> 15 U.S.C. 78f(b)(7).

<sup>13</sup> See 67 FR at 6771.

regulatory consistency and uniformity across options exchanges in determining appropriate remedial sanctions and the imposition of penalties.

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 Exchange Act. The proposed rule change is not intended to address competitive issues but rather is concerned solely with adopting updated, streamlined sanction guidelines based on the rules of the Exchange's affiliate that are consistent with a previous Commission order and continue to permit the Exchange to impose sanctions consistently and fairly.

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>14</sup> and Rule 19b-4(f)(6) thereunder.<sup>15</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.

---

<sup>14</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>15</sup> 17 CFR 240.19b-4(f)(6).

A proposed rule change filed under Rule 19b-4(f)(6)<sup>16</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>17</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>18</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 (<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-2024-34 on the subject line.

---

<sup>16</sup> 17 CFR 240.19b-4(f)(6).

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

<sup>18</sup> 15 U.S.C. 78s(b)(2)(B).



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-2024-34. 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-2024-34 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>19</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

---

<sup>19</sup> 17 CFR 200.30-3(a)(12).

Additions underlined.  
Deletions [bracketed].

## Rules of NYSE Arca, Inc.

\* \* \* \* \*

### **RULE 10 DISCIPLINARY PROCEEDINGS; SUSPENSION, CANCELLATION AND REINSTATEMENT**

\* \* \* \* \*

#### **Rule 10.0. Legacy Disciplinary Proceedings, Other Hearings and Appeals**

Rule 10.0 shall apply only to a proceeding for which the Exchange has served a Complaint under Rule 10.4, received a written offer of settlement under Rule 10.6, or for which a written statement or citation has been filed or served under Rule 10.11 or Rule 10.12, respectively, prior to May 27, 2019 and will continue to apply until such proceeding is final. Rule 10.0 shall also continue to apply to any ETP Holder, OTP Holder, OTP Firm or covered person over whom the Exchange asserted jurisdiction by providing written notice of the commencement of an inquiry pursuant to Rule 10.1(b) prior to May 27, 2019. Otherwise, the Rule 10.8000 Series and Rule 10.9000 Series will apply except that summary sanctions in options-related matters will continue to be governed by Rule 10.13 and appeals of Floor citations and summary sanctions will continue to be governed by Rule 10.11. Notwithstanding the preceding sentence, the Sanction[ing] Guidelines set forth in Rule 10.16 will continue to apply to all sanctions imposed in options-related matters.

\* \* \* \* \*

#### **Rule 10.16. NYSE Arca Sanctions[ing] Guidelines - Options**

##### **[(a) Overview]**

The mission of the NYSE Arca, Inc. ("NYSE Arca" or "Exchange") is to provide a securities marketplace in which high standards of honor and integrity prevail and to promote and maintain just and equitable principles of trade and business. To this end, as a regulator, the NYSE Arca seeks to protect investors and strengthen market integrity through vigorous, even-handed, and cost-effective self-regulation. The NYSE Arca embraces self-regulation as the most effective means of infusing a balance of industry and non-industry expertise into the regulatory process. To build public confidence in the financial markets, and as part of the NYSE Arca's regulatory mission, the NYSE Arca must stand ready to discipline OTP Holders, OTP Firms and Associated Persons, by imposing sanctions when necessary and appropriate to protect investors, OTP Holders, OTP Firms and the marketplace as a whole and to promote the public interest.

These Sanctioning Guidelines have been developed for use by the various Exchange bodies that adjudicate disciplinary actions, including the NYSE Arca Board of Directors, the Ethics and

Business Conduct Committee, Exchange Regulatory Staff, for in-house adjudications, (collectively, "Adjudicatory Bodies" or "Adjudicators"), in determining appropriate remedial sanctions. These Guidelines also may be used by parties to a disciplinary action in entering into a Stipulation of Facts and Consent to Penalty.

These Guidelines do not prescribe fixed sanctions for particular violations. Rather, they provide direction for Adjudicatory Bodies to assist them in imposing sanctions consistently and fairly. The Guidelines recommend ranges for sanctions and suggest factors (called "Principal Considerations") that Adjudicatory Bodies may consider in determining, for each case, where within the range the sanctions should fall or whether sanctions should be above or below the recommended range. These Guidelines are not intended to be absolute. Based on the facts and circumstances presented in each case, Adjudicatory Bodies may impose sanctions that fall outside the ranges recommended and may consider aggravating and mitigating factors in addition to those listed in these Guidelines.

To promote consistency and uniformity in the imposition of penalties, the following General Principles should be considered in connection with the imposition of sanctions in all cases. In addition, a list of Principal Considerations in Determining Sanctions, which enumerates generic factors that could be aggravating or mitigating in any given case, is included.

(b) General Principles Applicable to All Sanction Determinations.

- (1) Disciplinary sanctions are remedial in nature. Adjudicatory Bodies should design sanctions to prevent and deter future misconduct by the wrongdoer, to discourage others from engaging in similar misconduct, and to improve overall business and ethical standards of NYSE Arca members. The concept of remediation calls for the imposition of the least burdensome sanction necessary effectively to address the misconduct. The concept of deterrence requires the imposition of a remedial sanction of sufficient weight to discourage the violator and others similarly situated from repeating or engaging in the misconduct. Disciplinary sanctions should not be designed to punish for past misconduct. Rather, Adjudicatory Bodies should seek to achieve remediation and deterrence in imposing sanctions.
- (2) An important objective of the disciplinary process is to deter future misconduct by imposing progressively escalating sanctions on recidivists. Repeated acts of misconduct call for increasingly serious sanctions. It should be noted, however, that even if a named party has no history of misconduct, the misconduct at issue may be so egregious as to justify sanctions beyond the range recommended in these Guidelines. Adjudicatory Bodies should consider a named party's relevant disciplinary history in determining sanctions. Relevant history may include past misconduct similar to the misconduct at issue or past misconduct that, while unrelated, evidences prior disregard for regulatory requirements, investor protection, or the integrity of the industry as a whole. Regulatory incidents that are not relevant to the determination of disciplinary sanctions should not be considered.

- (3) Adjudicatory Bodies should tailor sanctions to address the misconduct at issue. In order to achieve remediation, Adjudicatory Bodies should impose sanctions tailored to the misconduct at issue. While adhering to the limitations with respect to sanctions imposed by the Securities Exchange Act of 1934 and the NYSE Arca's own rules, Adjudicatory Bodies may consider imposing somewhat unique sanctions if necessary to address the specific misconduct at issue. For example, an Adjudicatory Body may require an OTP Holder or OTP Firm to: retain a qualified independent consultant to improve future compliance with regulatory requirements; disclose disciplinary history to new and/or existing clients; or implement heightened supervision of certain employees.
- (4) Aggregation or "batching" of violations may be appropriate in certain instances for purposes of determining sanctions. Adjudicatory Bodies may treat several acts of misconduct as one "violation" for purposes of determining sanctions if the misconduct meets certain objective parameters. The parameters are intended to describe the circumstances in which Adjudicatory Bodies may choose to aggregate violations and are not intended to require that Adjudicators aggregate multiple violations in every instance in which the violations meet the parameters. Multiple violations may be treated individually such that a sanction is imposed for each violation, and multiple violations may be treated as aggravating and warrant higher sanctions. In determining whether to aggregate, Adjudicatory Bodies should consider the following factors:
  - (A) Whether the violations involved related activity and the same or similar interrelated rules or regulations. (If aggregated, the violations should not have involved materially different types of misconduct.)
  - (B) Whether the violations involved unintentional or negligent misconduct or manipulative, fraudulent, or deceptive intent. (If aggregated, the violations should not have involved manipulative, fraudulent, or deceptive intent.)
  - (C) Whether the misconduct resulted in injury to investors. (If investors were injured, but the misconduct did not involve manipulative, fraudulent, or deceptive intent and full restitution has been paid to all injured parties, an Adjudicatory Body may consider aggregating violations. Otherwise, violations involving customer harm should not be aggregated.)
  - (D) Whether the violations resulted from a single systematic problem or underlying cause that has been corrected. (If aggregated, the violations should have resulted from one cause and the cause should have been corrected.)
- (5) Adjudicatory Bodies should order restitution if necessary to remediate misconduct. Adjudicatory Bodies should order restitution when an identifiable party has suffered a quantifiable loss as a result of a named party's misconduct. Restitution is particularly appropriate when a named party has benefited from the misconduct. Furthermore, while restitution is an appropriate method of depriving a wrongdoer of ill-gotten gain, as discussed in the sixth principle, the amount of ill-gotten gain also may be used to

determine the amount of a disciplinary fine. Adjudicatory Bodies should calculate orders of restitution based on the actual amount of loss sustained by the injured party, as demonstrated by record evidence. In the event that the actual amount of any loss can not be determined by record evidence, Adjudicatory Bodies may calculate orders of restitution based on a reasonable calculation of loss. Orders of restitution may exceed the amount of the named party's ill-gotten gain. It is imperative that Adjudicatory Bodies include in written decisions a description of the method used to calculate restitution.

- (6) Adjudicatory Bodies may consider the amount of a named party's ill-gotten gain when determining the amount of a disciplinary fine. In cases in which the record demonstrates that a named party obtained a financial benefit from its misconduct, Adjudicatory Bodies may require disgorgement of the ill-gotten gain by fining away the amount of the financial benefit.
- (7) Adjudicatory bodies may require approved persons and other registered employees of OTP Holders or OTP Firms to requalify in any or all registered capacities. The remedial purpose of disciplinary sanctions may be served by requiring a named party who is a registered employee of an OTP Holder or OTP Firm to requalify by examination as a condition of continued employment in the securities industry. These types of sanctions are particularly appropriate in cases in which a named party's actions demonstrate a lack of knowledge or familiarity with the rules and laws governing the securities industry.
- (8) Adjudicatory Bodies may consider a named party's inability to pay in connection with the imposition of monetary sanctions when the party raises this issue. When raised by a named party, Adjudicatory Bodies may consider a proven bona fide inability to pay when determining monetary sanctions. The burden is on the named party to raise the issue of inability to pay and to provide evidence of inability. Proof of inability to pay need not result in a reduction or waiver of monetary sanctions, but could instead result in the imposition of an alternate payment option or alternate sanction.

(c) These General Principles are applicable to all sanctions determinations and should be considered by Adjudicatory Bodies in all cases. Consistency and uniformity are important in the application of disciplinary sanctions and, for this reason, these guiding principles are extremely important to the continued fairness of the NYSE Arca disciplinary process.

(d) Principal Considerations In Determining Sanctions. The following list of factors should be considered in conjunction with the imposition of sanctions. Individual guidelines may list other factors. As appropriate, Adjudicatory Bodies should consider case-specific factors in addition to those listed here and in individual guidelines.

- (1) The named party's relevant disciplinary history. (See General Principle No. 2).
- (2) Whether the named party accepted responsibility for and acknowledged the misconduct to an employer or OTP Holder or OTP Firm (in the case of an Associated Person of a

member or member organization) or a regulator prior to detection and intervention by the employer, OTP Holder or OTP Firm, or regulator.

- (3) Whether the named party voluntarily employed subsequent corrective measures, prior to detection or intervention by an OTP Holder or OTP Firm or employer (in the case of an Associated Person of an OTP Holder or OTP Firm) or a regulator, to revise general and/or specific procedures to avoid recurrence of misconduct.
- (4) Whether the named party voluntarily and reasonably attempted, prior to detection and intervention, to pay restitution or otherwise remedy the misconduct.
- (5) Whether the named party demonstrated reasonable reliance on competent legal, compliance, or accounting advice.
- (6) Whether the named party engaged in numerous acts and/or a pattern of misconduct.
- (7) Whether the named party engaged in the misconduct over an extended period of time.
- (8) Whether the named party attempted to conceal misconduct or to lull into inactivity, mislead, deceive, or intimidate a customer, regulatory authorities, an employer, or OTP Holder or OTP Firm (in the case of an Associated Person of an OTP Holder or OTP Firm).
- (9) With respect to other parties, including the investing public and/or other market participants, (a) whether the named party's misconduct resulted directly or indirectly in injury to such other parties; and (b) the extent of the injury.
- (10) Whether the named party provided substantial assistance to regulators in its examination and/or investigation of the underlying misconduct, or whether the named party attempted to delay an investigation, to conceal information, or to provide inaccurate or misleading testimony or documentary information to the NYSE Arca or another regulator.
- (11) Whether the named party's misconduct was the result of an intentional act, recklessness, or negligence.
- (12) Whether the named party engaged in the misconduct at issue notwithstanding prior warnings from NYSE Arca staff, another regulator, or a supervisor (in the case of an Associated Person of an OTP Holder or OTP Firm) that the conduct violated NYSE Arca rules or applicable securities laws or regulations.
- (13) Whether the named party's misconduct resulted in the potential for monetary or other gain.

- (14) The number, size, and character of the transactions at issue.
- (15) The level of sophistication of the injured or affected customer.
- (16) Whether, at the time of the violation, the named OTP Holder or OTP Firm had developed reasonable supervisory, operational, and/or technical procedures or controls that were properly implemented.
- (17) Whether, at the time of the violation, the named OTP Holder or OTP Firm had developed adequate training and educational initiatives.
- (18) Whether the named OTP Holder or OTP Firm can demonstrate that the misconduct at issue was aberrant or not otherwise reflective of its historical compliance record.
- (19) Whether the OTP Holder or OTP Firm with which a named party is/was associated disciplined the party for the misconduct at issue prior to regulatory detection.

(e) Specific Sanctioning Guidelines for Options Order Handling Rules.

(1) Firm Quotes - NYSE Arca Rule 6.86-O

(2) Priority Rules and Obligations of Market Makers - NYSE Arca Rules 6.37-O, 6.75-O and 6.76-O.

(A) Principal Considerations in Determining Sanctions.

- (i) See list of principal considerations applicable to all violations as set forth in NYSE Arca Rule 10.16(d).
- (ii) Whether the misconduct involved violations of rules intended to provide protection to customer orders.
- (iii) Whether misconduct resulted in the failure to execute a customer order and, if so, whether the named party remediated the misconduct.
- (iv) Whether this action is the first, or a subsequent disciplinary action with respect to similar violative conduct by the same OTP Holder, OTP Firm or Associated Person. As indicated in the General Principles, recent acts of similar misconduct may be considered to be aggravating factors.

(B) Suggested Monetary Sanctions: \$10,000 to \$100,000.



(A) Suspension, Expulsion, or Other Sanctions. In egregious cases, consider suspending the named party with respect to any or all activities or functions for up to five years. In particularly egregious cases involving a pattern of misconduct and/or customer harm, consider expelling the OTP Holder or OTP Firm, withdrawing approval of the responsible approved person, and/or permanently barring a named party from employment or association with any OTP Holder or OTP Firm.

(1) Best Execution - NYSE Arca Rule 6.46-O.

(A) Principal Considerations in Determining Sanctions.

- (i) See list of principal considerations applicable to all violations as set forth in NYSE Arca Rule 10.16(d).
- (ii) Whether the misconduct involved violations of rules intended to provide protection to customer orders.
- (iii) Whether a customer was disadvantaged because of the Floor Broker's failure to exercise due diligence.
- (iv) Whether the misconduct resulted in the failure to execute a customer order, if so, whether the wrongdoer remediated the misconduct.
- (v) Whether the wrongdoer acted with intent to disadvantage a customer.
- (vi) Whether this action is the first, or a subsequent disciplinary action with respect to similar violative conduct by the same OTP Holder, OTP Firm or Associated Person. As indicated in the General Principles, recent acts of similar misconduct may be considered to be aggravating factors.

(B) Suggested Monetary Sanctions: \$10,000 to \$100,000.

(A) Suspension, Expulsion, or Other Sanctions. In egregious cases, consider suspending the named party with respect to any or all activities or functions for up to five years. In particularly egregious cases involving a pattern of misconduct and/or customer harm, consider expelling the OTP Holder or OTP Firm, withdrawing approval of the responsible approved person, and/or permanently barring a named party from employment or association with any OTP Holder or OTP Firm.

(1) Trade Reporting - NYSE Arca Rule 6.69-O.

(A) Principal Considerations in Determining Sanctions.

- (i) See list of principal considerations applicable to all violations as set forth in NYSE Arca Rule 10.16(d).
- (ii) The extent of the abuse i.e. whether a pattern of abuse exists, and the number of transactions involved.
- (iii) Presence of intent, recklessness, or negligence.
- (iv) The nature of trade-reporting violation.
- (v) Whether the violative conduct affected discovery of information regarding market price.
- (vi) The amount of time beyond 90 seconds that elapsed before trade was reported.
- (vii) Whether the wrongdoer remediated the misconduct.
- (viii) Whether this action is the first, or a subsequent disciplinary action with respect to similar violative conduct by the same OTP Holder, OTP Firm or Associated Person. As indicated in the General Principles, recent acts of similar misconduct may be considered to be aggravating factors.

(B) Suggested Monetary Sanctions: \$10,000 to \$100,000.

(A) Suspension, Expulsion, or Other Sanctions. In egregious cases, consider suspending the named party with respect to any or all activities or functions for up to five years. In particularly egregious cases involving a pattern of misconduct and/or customer harm, consider expelling the OTP Holder or OTP Firm, withdrawing approval of the responsible approved person, and/or permanently barring a named party from employment or association with any OTP Holder or OTP Firm.

(f) Specific Sanctioning Guidelines for Recordkeeping and Financial Requirements Rules.

(1) Financial Reports - NYSE Arca Rule 4.11-O(b)(1)

(A) Principal Considerations in Determining Sanctions.

- (i) See list of Principal Considerations applicable to all violations as set forth in NYSE Arca Rule 10.16(d).
- (ii) Whether this action is the first, or a subsequent disciplinary action with respect to similar violative conduct by the same OTP Holder, OTP Firm or Associated Person.

As indicated in the General Principles, recent acts of similar misconduct may be considered to be aggravating factors.

(B) Suggested Monetary Sanctions: \$10,000 to \$100,000.

(C) Suspension, Expulsion, or Other Sanctions. For the first disciplinary action, consider a letter of caution to the named party. In egregious cases, consider suspending the named party with respect to any or all activities or functions for up to five years. In particularly egregious cases involving a pattern of misconduct, consider expelling the OTP Holder or OTP Firm, withdrawing approval of the responsible approved person, and/or permanently barring a named party from employment or association with any OTP Holder or OTP Firm.

(g) Specific Sanctioning Guidelines for Rule 9-O Conducting Business with the Public.

(A) Principal Considerations in Determining Sanctions.

(i) See list of principal considerations applicable to all violations as set forth in NYSE Arca Rule 10.16(d).

(ii) Whether the misconduct involved violations of rules specifically intended to provide protection to public customers and their accounts, including but not limited to Rules 9.2-O(a)-(b), 9.6-O(a), 9.7-O(a)-(d), and 9.18-O.

(iii) Whether this action is the first, or a subsequent disciplinary action with respect to similar violative conduct by the same OTP Holder, OTP Firm or Associated Person. As indicated in the General Principles, recent acts of similar misconduct may be considered to be aggravating factors.

(B) Suggested Monetary Sanctions: \$10,000 to \$150,000.

(C) Suspension, Expulsion, or Other Sanctions. In egregious cases, consider suspending the named party with respect to any or all activities or functions for up to five years. In particularly egregious cases involving a pattern of misconduct, consider expelling the OTP Holder or OTP Firm, withdrawing approval of the responsible approved person, and/or permanently barring a named party from employment or association with any OTP Holder or OTP Firm.

(h) Specific Sanctioning Guidelines Rule 11 - Business Conduct

(A) Principal Considerations in Determining Sanctions.

(i) See list of principal considerations applicable to all violations as set forth in NYSE

Arca Rule 10.16(d).

- (ii) Whether the misconduct involved violations of Rules 11.1 through 11.6 which are specifically intended to prevent actions that could be deemed detrimental to the welfare and protection of investors, or conduct or proceedings inconsistent with just and equitable principles of trade.
  - (iii) Whether this action is the first, or a subsequent disciplinary action with respect to similar violative conduct by the same OTP Holder, OTP Firm or Associated Person. As indicated in the General Principles, recent acts of similar misconduct may be considered to be aggravating factors.
- (B) Suggested Monetary Sanctions: \$10,000 to \$150,000.
- (C) Suspension, Expulsion, or Other Sanctions. In egregious cases, consider suspending the named party with respect to any or all activities or functions for up to five years. In particularly egregious cases involving a pattern of misconduct, consider expelling the OTP Holder or OTP Firm, withdrawing approval of the responsible approved person, and/or permanently barring a named party from employment or association with any OTP Holder or OTP Firm.]

#### Principal Considerations In Determining Sanctions

To promote consistency and uniformity in the imposition of penalties against OTP Holders, OTP Firms and covered persons as defined in Rule 10.9120(g), the following Principal Considerations in Determining Sanctions should be considered in connection with the imposition of sanctions in all cases in determining appropriate remedial sanctions through the resolution of disciplinary matters, including letters of acceptance, waiver and consent, offers of settlement, formal disciplinary hearings, and summary sanctions in options-related matters governed by Rule 10.13 and appeals of Floor citations and summary sanctions governed by Rule 10.11.

These Principal Considerations are not intended to be absolute. Based on the facts and circumstances presented in each case, the various individuals with responsibility for the adjudication of disciplinary actions, including the CRO and his or her delegees, Hearing Panels, Extended Hearing Panels, Hearing Officers, the Committee for Review, and the Board of Directors (collectively, "Adjudicatory Bodies"), may consider aggravating and mitigating factors in addition to those listed below.

- (a) Disciplinary sanctions are remedial in nature. Adjudicatory Bodies, as applicable, should design sanctions to prevent and deter future misconduct by wrongdoers, to discourage others from engaging in similar misconduct, and to improve overall business standards of OTP Holders and OTP Firms. Adjudicatory Bodies, as applicable, may impose sanctions including expulsion, suspension, limitation of activities, fine, censure, suspension or revocation of one or more Trading Permits, or

any other fitting sanction.

- (b) An important objective of the disciplinary process is to deter future misconduct by imposing progressively escalating sanctions on recidivists. Adjudicatory Bodies, as applicable, should consider a party's relevant disciplinary history in determining sanctions.
- (c) Adjudicatory Bodies, as applicable, should consider prior similar disciplinary decisions (relevant precedent) in determining an appropriate sanction and may consider relevant precedent from other self-regulatory organizations.
- (d) Adjudicatory Bodies, as applicable, should tailor sanctions to address the misconduct at issue. For example, Adjudicatory Bodies, as applicable, may require an OTP Holder or OTP Firm to, among other things, retain a qualified independent consultant to improve future compliance with regulatory requirements; disclose disciplinary history to new and/or existing clients; implement heightened supervision of certain employees; or requalify by examination in any or all registered capacities.
- (e) Adjudicatory Bodies, as applicable, may aggregate individual violations of particular rules and treat such violations as a single offense for purposes of determining sanctions. Aggregation may be appropriate when the Exchange utilizes a comprehensive surveillance program in the detection of potential rules violations. Aggregation may also be appropriate where the Exchange has reviewed activity over an extensive time period during the course of an investigation of matters disclosed either through a routine examination of the OTP Holder or OTP Firm or as the result of a complaint. Similarly, where no exceptional circumstances are present, the Exchange may impose a fine based upon a determination that there exists a pattern or practice of violative conduct. The Exchange also may aggregate similar violations generally if the conduct was unintentional, there was no injury to public investors, or the violations resulted from a single systemic problem or cause that has been corrected.
- (f) Adjudicatory Bodies, as applicable, should evaluate the appropriateness of disgorgement and/or restitution in those cases where the amount of harm is quantifiable and the harmed party is identifiable.
- (g) Adjudicatory Bodies, as applicable, should consider contributions or settlements by a respondent or any related OTP Holder or OTP Firm to the harmed party as it relates to the conduct that is the subject of the disciplinary matter.
- (h) Adjudicatory Bodies, as applicable, may consider a party's inability to pay in connection with the imposition of monetary sanctions.

## **RULE 10.9100. APPLICATION AND PURPOSE**

### **Rule 10.9001. Effective Date of Rule 10.9000 Series**

Rule 10.0 shall apply only to a proceeding for which the Exchange has served a Complaint under Rule 10.4, received a written offer of settlement under Rule 10.6, or for which a written statement or citation has been filed or served under Rule 10.11 or Rule 10.12, respectively, prior to May 27, 2019 and will continue to apply until such proceeding is final. Rule 10.0 shall also continue to apply to any ETP Holder, OTP Holder, OTP Firm or covered person over whom the Exchange asserted jurisdiction by providing written notice of the commencement of an inquiry pursuant to Rule 10.1(b) prior to May 27, 2019. Otherwise, the 10.8000 Series and Rule 10.9000 Series will apply, except that summary sanctions in options-related matters will continue to be governed by Rule 10.13 and appeals of Floor citations and summary sanctions will continue to be governed by Rule 10.11. Notwithstanding the preceding sentence, the Sanction[ing] Guidelines set forth in Rule 10.16 will continue to apply to all sanctions imposed in options-related matters.

\* \* \* \* \*