SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–88376; File No. SR–NYSE–2020–17]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing of Proposed Rule Change To Amend its Rules To Add New Rule 7.19

March 12, 2020.

Pursuant to Section 19(b)(1) [1] of the Securities Exchange Act of 1934 (the ''Act'') [2] and Rule 19b–4 thereunder,[3] notice is hereby given that, on March 10, 2020, New York Stock Exchange LLC (''NYSE'' 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 its rules to add new Rule 7.19 (Pre-Trade Risk Controls). The proposed rule change is available on the Exchange's website at *www.nyse.com,* at the principal office of the Exchange, and at the Commission's Public Reference Room.

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

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it 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

In order to assist member organizations' efforts to manage their risk, the Exchange proposes to amend its rules to add new Rule 7.19 (Pre-Trade Risk Controls) to establish a set of pre-trade risk controls by which Entering Firms and their designated Clearing Firms (as defined below) may set credit limits and other pre-trade risk controls for an Entering Firm's trading on the Exchange and authorize the Exchange to take action if those credit limits or other pre-trade risk controls are exceeded.[4]

For purposes of this proposed rule change, the Exchange proposes to define the term ''Entering Firm'' to mean a member organization that either has a correspondent relationship with a Clearing Firm whereby it executes trades and the clearing function is the responsibility of the Clearing Firm or clears for its own account [5] and to define the term ''Clearing Firm'' to mean a member organization that acts as principal for clearing and settling a trade, whether for its own account or for an Entering Firm.[6]

1. Overview

In order to help firms manage their risk, the Exchange proposes to offer optional pre-trade risk controls that would authorize the Exchange to take automated actions if a designated credit limit or other pre-trade risk control for a firm is breached. Because Clearing Firms bear the risk on behalf of their correspondent Entering Firms, the Exchange proposes to make the proposed pre-trade risk controls available not only to Entering Firms, but also to their Clearing Firms, if so authorized by the Entering Firm. These pre-trade risk controls would provide Entering Firms and their Clearing Firms with enhanced abilities to manage their risk with respect to orders on the Exchange.

As proposed, these optional controls would allow Entering Firms and their Clearing Firms (if designated by the Entering Firm) to each define different pre-set risk thresholds and to choose the automated action the Exchange would take if those thresholds are breached, which would range from notifying the Entering Firm and Clearing Firm that a limit has been breached, blocking new orders, or canceling orders until the Entering Firm has been reinstated to trade on the Exchange.

Although use of the proposed Exchange-provided pre-trade risk controls are optional, all orders on the Exchange will pass through risk checks. As such, an Entering Firm that does not choose to set limits or permit its Clearing Firm to set limits on its behalf will not achieve any latency advantage with respect to its trading activity on the Exchange. In addition, the Exchange expects that any latency added by the pre-trade risk controls will be *de minimis.*

The proposed pre-trade risk controls described are meant to supplement, and not replace, the member organizations' own internal systems, monitoring and procedures related to risk management. The Exchange does not guarantee that these controls will be sufficiently comprehensive to meet all of a member organization's needs, the controls are not designed to be the sole means of risk management, and using these controls will not necessarily meet a member organization's obligations required by Exchange or federal rules (including, without limitation, the Rule 15c3–5 under the Act [7] (''Rule 15c3–5'')). Use of the Exchange's pre-trade risk controls will not automatically constitute compliance with Exchange or federal rules and responsibility for compliance with all Exchange and SEC rules remains with the member organization.[8]

2. Proposed Rule Change

Proposed Rule 7.19(a) would set forth the definitions that would be used for purposes of the Rule. In addition to the defined terms of ''Entering Firm'' and ''Clearing Firm,'' as described above, the Exchange proposes the following definitions:

- The term ''Single Order Maximum Notional Value Risk Limit'' would mean a pre-established maximum dollar amount for a single order before it can be traded.
- The term ''Single Order Maximum Quantity Risk Limit'' would mean a pre-established maximum number of shares

[1] 15 U.S.C. 78s(b)(1).

[2] 15 U.S.C. 78a.

[3] 17 CFR 240.19b–4.

[4] The Exchange initially filed a proposed rule change to add new Rule 7.19 relating to pre-trade risk controls on November 27, 2019. *See* Securities Exchange Act Release No. 87715 (December 11, 2019), FR (date) (Notice of Filing) (SR–NYSE–2019–68) (''Original Filing''). The Exchange withdrew the Original Filing and is filing this proposed rule change as its replacement. This filing is substantially the same as the Original Filing and proposes the same functionality. It differs because it includes proposed Commentary .02 through .04, which provides additional detail specific to Floor brokers and Designated Market Makers, and makes minor, clarifying changes to the proposed rule text as compared to the Original Filing.

[5] *See* proposed Rule 7.19(a)(1).

[6] *See* proposed Rule 7.19(a)(2). As required by Rule 7.14, a member organization is required to give up the name of the clearing firm through which each transaction on the Exchange will be cleared.

[7] *See* 17 CFR 240.15c3–5.

[8] The Exchange proposes Commentary .01 to Rule 7.19 to provide that ''[t]he pre-trade risk controls described in this Rule are meant to supplement, and not replace, the member organization's own internal systems, monitoring and procedures related to risk management and are not designed for compliance with Rule 15c3–5 under the Exchange Act. Responsibility for compliance with all Exchange and SEC rules remains with the member organization.''

that may be included in a single order before it can be traded.

• The term ''Gross Credit Risk Limit'' would mean a pre-established maximum daily dollar amount for purchases and sales across all symbols, where both buy and sell orders are counted as positive values. For purposes of calculating the Gross Credit Risk Limit, unexecuted orders in the Exchange Book,[9] orders routed on arrival pursuant to Rule 7.37(a)(1), and executed orders are included.

Proposed Rule 7.19(b) would set forth the Pre-Trade Risk Controls that would be available to Entering Firms and Clearing Firms. Under proposed Rule 7.19(b)(1), an Entering Firm may select one or more of the following optional pre-trade risk controls with respect to its trading activity on the Exchange: (i) Gross Credit Risk Limits; (ii) Single Order Maximum Notional Value Risk Limits; and (iii) Single Order Maximum Quantity Risk Limits, which would collectively be referred to as the ''Pre-Trade Risk Controls.''

In addition, under proposed Rule 7.19(b)(2)(A), an Entering Firm that does not self-clear may designate its Clearing Firm to (i) view any Pre-Trade Risk Controls set by the Entering Firm, or (ii) set one or more Pre-Trade Risk Controls on the Entering Firm's behalf, or both. Proposed Rule 7.19(b)(2)(B) provides that an Entering Firm would be able to view any Pre-Trade Risk Controls that its Clearing Firm sets with respect to the Entering Firm's trading activity on the Exchange. Because both an Entering Firm and Clearing Firm (if so designated by the Entering Firm) would be able to access information about Pre-Trade Risk Controls, this mechanism would foster transparency between an Entering Firm and its Clearing Firm regarding which Pre-Trade Risk Control limits may have been set. For example, if an Entering Firm designates its Clearing Firm to view the Pre-Trade Risk Controls set by that Entering Firm, its Clearing Firm may determine that it does not need to separately set Pre-Trade Risk Controls on behalf of such Entering Firm.

Because the Entering Firm is the member organization that is entering orders on the Exchange, the Exchange will not take action based on a Clearing Firm's instructions about the Entering Firm's trading activities on the Exchange without first receiving consent from the Entering Firm. Accordingly, proposed Rule 7.19(b)(2)(C) would provide that if an Entering Firm designates a Clearing Firm to set Pre-Trade Risk Controls for the Entering Firm, the Entering Firm would be consenting to the Exchange taking certain prescribed actions (discussed further below) with respect to the Entering Firm's trading activity as provided for in proposed Rules 7.19(c) and (d), described below. The Exchange would consider an Entering Firm to provide such consent by authorizing a Clearing Firm to enter Pre-Trade Risk Controls via the risk management tool that will be provided to Entering Firms in connection with this proposed rule change. Once such authorization is provided by the Entering Firm, the Clearing Firm would have access to the Pre-Trade Risk Controls that the Entering Firm designates. The proposed Rule makes clear that by designating a Clearing Firm to set limits on its trading activities, the Entering Firm will have authorized the Exchange to act pursuant to the Clearing Firm's instructions if the limits set by the Clearing Firm are breached.

Proposed Rule 7.19(b)(3) would set forth how the Pre-Trade Risk Controls could be set or adjusted. Proposed Rule 7.19(b)(3)(A) would provide that Pre-Trade Risk Controls may be set before the beginning of a trading day and may be adjusted during the trading day. Proposed Rule 7.19(b)(3)(B) would provide that Entering Firms or Clearing Firms may set Pre-Trade Risk Controls at the MPID level or at one or more sub-IDs associated with that MPID.[10] The Exchange believes that supporting Pre-Trade Risk Controls at both an MPID and sub-ID level would provide both Entering Firms, and if designated, their Clearing Firms, more granular control over how such risk controls are determined and monitored.

Proposed Rule 7.19(b)(4) would provide that with respect to Gross Credit Risk Limits, an Entering Firm and, if so designated, its Clearing Firm, will receive notifications when the Entering Firm is approaching or has breached a limit set by itself or by the Clearing Firm. The Exchange believes that by providing such notifications, the Entering Firm, and if designated, its Clearing Firm, would have advance notice that the Entering Firm is approaching a designated limit and could take steps to mitigate the potential that an automated breach action would be triggered.

Proposed Rule 7.19(c) would set forth the actions the Exchange would be authorized to take when a Pre-Trade Risk Control set by an Entering Firm or a Clearing Firm is breached, which would be referred to as ''Automated Breach Actions.'' These proposed actions would be automated; if a Pre-Trade Risk Control is breached, the Exchange would automatically take the designated action and would not need further direction from either the Entering Firm or Clearing Firm to take such action.

At the outset, proposed Rule 7.19(c)(1) would provide that if both an Entering Firm and its Clearing Firm set the same type of Pre-Trade Risk Control for the Entering Firm but have set different limits, the Exchange would enforce the more restrictive limit. For example, if an Entering Firm sets a Single Order Maximum Notional Value Risk Limit of $20 million and its Clearing Firm sets the same risk limit at $15 million, the Exchange will take action when the more restrictive limit is breached—*i.e.,* $15 million.

Proposed Rule 7.19(c)(2) would set forth the Automated Breach Action the Exchange would take if an order would breach the designated limit of either a Single Order Maximum Notional Value Risk Limit or Single Order Maximum Quantity Risk Limit. As proposed, the Exchange would reject the incoming order that would have breached the applicable limit.

Proposed Rule 7.19(c)(3)(A) would set forth the Automated Breach Actions the Exchange would take if a designated Gross Credit Risk Limit is breached. The Exchange proposes to provide options of which Automated Breach Action the Exchange would be authorized to take if a Gross Credit Risk Limit is breached. Such Automated Breach Actions would be taken at the MPID or sub-ID level that is associated with the designated Gross Credit Risk Limit. As proposed, when setting Gross Credit Risk Limits, the Entering Firm or Clearing Firm setting the limit would be required to indicate one of the following actions that the Exchange would take if such limit is breached:

• ''Notification Only.'' As set forth in proposed Rule 7.19(c)(3)(A)(i), if this option is selected, the Exchange would continue to accept new orders and order instructions and would not cancel any unexecuted orders in the Exchange Book. Proposed Rule 7.19(b)(4), described above, sets forth the notifications that would be provided to an Entering Firm, and if designated, a Clearing Firm regarding the Pre-Trade Risk Controls that have been set. With the ''Notification Only'' action, the

[9] The term ''Exchange Book'' is defined in Rule 1.1(k) to refer to the Exchange's electronic file of orders, which contains all orders entered on the Exchange.

[10] Entering Firms may request that the Exchange create sub-IDs associated with their MPIDs. If an Entering Firm uses a Floor broker to enter orders on the Exchange, it can assign a sub-ID that would be used for the entry of orders by that Floor broker on the Entering Firm's behalf.

Exchange would provide such notifications, but would not take any other automated actions with respect to new or unexecuted orders.

• ''Block Only.'' As set forth in proposed Rule 7.19(c)(3)(A)(ii), if this option is selected, the Exchange would reject new orders and order instructions but would not cancel any unexecuted orders in the Exchange Book. The Exchange would continue to accept instructions from the Entering Firm to cancel one or more orders in full (including Auction-Only Orders) or any instructions specified in proposed Rule 7.19(e) (described below), but would not take any automated action to cancel orders.

• ''Cancel and Block.'' As set forth in proposed Rule 7.19(c)(3)(A)(iii), if this option is selected, in addition to the Block actions described above, the Exchange would also cancel all unexecuted orders in the Exchange Book other than Auction-Only Orders.

If an Entering Firm and its Clearing Firm each set different limits for a Gross Credit Risk Limit for the Entering Firm's activities on the Exchange, proposed Rule 7.19(c)(3)(B) would provide that the Exchange would enforce the action that was chosen by the party that set the limit that was breached. For example, if a Clearing Firm sets a lower limit and designates the ''Cancel and Block'' Automated Breach Action, if that limit is breached, the Exchange will implement that ''Cancel and Block'' action even if the Entering Firm designated a different Automated Breach Action.

Proposed Rule 7.19(c)(3)(C) would provide that if both the Entering Firm and Clearing Firm set the same Gross Credit Risk Limit and that limit is breached, the Exchange would enforce the most restrictive Automated Breach Action. As further proposed, for purposes of this Rule, the ''Cancel and Block'' action would be more restrictive than ''Block Only,'' which would be more restrictive than ''Notification Only.'' For example, if the Entering Firm selects the ''Block Only'' action for a Gross Credit Risk Limit and its Clearing Firm selects the ''Cancel and Block'' action for the same Gross Credit Risk Limit, if the limit is breached, the Exchange would take the ''Cancel and Block'' action for the Entering Firm's orders.

Proposed Rule 7.19(c)(4) would provide that if a Pre-Trade Risk Control set at the MPID level is breached, the Automated Breach Action specified at the MPID level would be applied to all sub-IDs associated with that MPID. For instance, if a Clearing Firm sets a Gross Credit Risk Limit for an MPID at $500 million and the Entering Firm sets Gross Credit Risk Limits for each of three sub-IDs associated with that MPID at $500 million each, if two of the sub-IDs reach a $250 million limit, which combined is the Gross Credit Risk Limit at the MPID level, the Automated Breach Action associated with the limit at the MPID level would be triggered and would apply also to the associated sub-IDs, even though none of the sub-IDs have breached their separate $500 million limits. This functionality ensures that an Entering Firm cannot effectively override a Pre-Trade Risk Control set at the MPID level by setting risk limits for each of the MPID's associated sub-IDs that cumulatively equal more than the MPID's total Gross Credit Risk Limit.

Proposed Rule 7.19(d) concerns how an Entering Firm's ability to enter orders and order instructions would be reinstated after a ''Block Only'' or ''Cancel and Block'' Automated Breach Action has been triggered. In such case, proposed Rule 7.19(d) provides that the Exchange would not reinstate the Entering Firm's ability to enter orders and order instructions on the Exchange (other than instructions to cancel one or more orders (including Auction-Only Orders) in full) without the consent of (1) the Entering Firm, and (2) the Clearing Firm, if the Entering Firm has designated that the Clearing Firm's consent is required. The Exchange proposes to include this functionality because the Clearing Firm bears the risk of any exposure of its correspondent Entering Firms.

Finally, proposed Rule 7.19(e) would set forth ''kill switch'' functionality, which would allow an Entering Firm or its designated Clearing Firm to direct the Exchange to take certain bulk Kill Switch Actions with respect to orders. In contrast to the Automated Breach Actions described above, which the Exchange would take automatically after the breach of a credit limit, the Exchange would not take any of the Kill Switch Actions without express direction from the Entering Firm or its designated Clearing Firm.

Specifically, Proposed Rule 7.19(e) would specify that an Entering Firm, or if authorized pursuant to proposed Rule 7.19(b)(2)(A), its Clearing Firm, could direct the Exchange to take one or more of the following actions with respect to orders at either an MPID, or if designated, sub-ID Level: (1) Cancel all Auction-Only Orders; (2) Cancel all unexecuted orders in the Exchange Book other than Auction-Only Orders; or (3) Block the entry of any new orders and order instructions, provided that the Exchange would continue to accept instructions from Entering Firms to cancel one or more orders (including Auction-Only Orders) in full, and later, reverse that block.

The Exchange proposes that the Kill Switch functionality proposed in Rule 7.19(e) would supersede and replace the Exchange's previously filed proposed rule change (the ''2013 Risk Control Filing''),[11] which provided certain post-trade risk management tools to member organizations, but not to their Clearing Firms.

The Exchange proposes to provide these post-trade Kill Switch Actions in addition to the pre-trade Automated Breach Actions described above in order to give Entering Firms and their Clearing Firms more flexibility in setting risk controls. An Entering Firm that wants more control over when and which actions are taken with respect to its orders may choose to use these Kill Switch Actions instead of the ''Block'' or ''Cancel and Block'' Automated Breach Actions described above. For example, for an Entering Firm that selects the ''Notification Only'' Automated Breach Action, if it receives notification of a credit breach, it could choose to direct the Exchange to take a Kill Switch Action described in proposed Rule 7.19(e).

3. Proposed Rule Commentary

The Exchange proposes Commentary .01 to Rule 7.19 to specify that the Pre-Trade Risk Controls described in this Rule are meant to supplement, and not replace, the member organization's own internal systems, monitoring and procedures related to risk management and are not designed for compliance with Rule 15c3–5 under the Act (''Rule 15c3–5'').[12] This proposed Commentary specifies that use of the Exchange's pre-trade risk controls would not automatically constitute compliance with Exchange or federal rules and responsibility for compliance with all Exchange and SEC rules remains with the member organization. The Exchange does not guarantee that these controls will be sufficiently comprehensive to meet all of a member organization's needs, the controls are not designed to be the sole means of risk management, and using these controls will not necessarily meet a member organization's obligations required by Exchange or federal rules (including, without limitation, the Rule 15c3–5).

Proposed Commentary .02 would provide that when a customer of a Floor

[11] *See* Securities Exchange Act Release No. 71164 (December 20, 2013), 78 FR 79044 (December 27, 2013) (SR–NYSE–2013–80) (Notice of filing and immediate effectiveness of proposed rule change) (the ''2013 Risk Control Filing'').

[12] *See* 17 CFR 240.15c3–5.

broker firm is a member organization (''Customer''), both the Customer and the Floor broker firm would be considered an ''Entering Firm'' for purposes of setting Pre-Trade Risk Controls or Kill Switch Actions for that Floor broker's trading activity on the Exchange on behalf of that Customer. There would be no differences in the Pre-Trade Risk Controls available to the Customer and Floor broker.

Proposed Commentary .03 would provide that manual transactions by a Floor broker and crossing transactions pursuant to Rule 76 will be excluded from Pre-Trade Risk Controls. The Exchange proposes this exception because the proposed Pre-Trade Risk Controls would be incorporated into the Exchange's matching engine systems, and neither manual transactions nor crossing transactions pursuant to Rule 76 are processed in such systems. Floor brokers representing such orders would continue to have their independent obligation to comply with Rule 15c3–5 with respect to these orders.

Proposed Commentary .04 would specify how the proposed Pre-Trade Risk Controls would apply to Designated Market Makers (''DMMs'') on the Exchange. The proposed commentary would provide that if either a ''Block Only'' or a ''Cancel and Block'' Automated Breach Action has been triggered by an Entering Firm acting as a DMM in an assigned security, such DMM would be prevented from facilitating an auction that would include any DMM Interest, as defined in Rule 7.35(a)(8).[13] If the DMM has not yet been reinstated, the DMM can facilitate an auction if it does not include DMM Interest. This restriction would apply whether the DMM attempted to facilitate the auction electronically or manually; if the DMM attempted to electronically facilitate the auction and include DMM Interest, the Exchange would reject the attempt. However, the DMM would still have an opportunity to facilitate such auction manually without DMM Interest. The Exchange anticipates that a DMM will set Gross Credit Risk Limits at levels that would not result in Automated Breach Actions, and if they do trigger a ''Block Only'' or a ''Cancel and Block'' Automated Breach Action, they would promptly reinstate themselves to avoid such a situation.

[13] DMMs have an affirmative obligation to facilitate openings, reopenings, and the close of trading for each of the securities in which the DMM is registered as required by Exchange rules. *See* Rule 104(a)(2) and (3).

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,[14] in general, and furthers the objectives of Section 6(b)(5) of the Act,[15] 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 regulating, clearing, settling, processing information with respect to, and 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, and because it is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

Specifically, the Exchange believes that the proposed rule will remove impediments to and perfect the mechanism of a free and open market and a national market system because the proposed optional Pre-Trade Risk Controls would provide both Entering Firms, and if designated, Clearing Firms, with the ability to manage risk, while also providing an alert system that would help to ensure that such firms are aware of developing issues. In addition, the Pre-Trade Risk Controls would provide Clearing Firms, who have assumed certain risks of the Entering Firms, greater control and flexibility over setting risk tolerance and exposure on behalf of their correspondent Entering Firms. As such, the Exchange believes that the Pre-Trade Risk Controls would provide a means to address potentially market-impacting events, helping to ensure the proper functioning of the market.

In addition, the Exchange believes that the proposed rule change is designed to protect investors and the public interest because the Pre-Trade Risk Controls are a form of impact mitigation that will aid Entering Firms and Clearing Firms in minimizing their risk exposure and reduce the potential for disruptive, market-wide events. The Exchange understands that member organizations implement a number of different risk-based controls, including those required by Rule 15c3–5. The proposed controls will serve as an additional tool for Entering Firms and Clearing Firms to assist them in identifying any risk exposure. The Exchange believes the Pre-Trade Risk Controls will assist Entering Firms and Clearing Firms in managing their financial exposure which, in turn, could enhance the integrity of trading on the securities markets and help to assure the stability of the financial system.

Further, the Exchange believes that the proposed rule will foster cooperation and coordination with persons facilitating transactions in securities because the Exchange will provide alerts to Entering Firms and their Clearing Firms when the Entering Firm's trading reaches certain thresholds. As such, the Exchange will help Clearing Firms monitor the risk levels of their correspondent Entering Firms and provide tools for Clearing Firms, if designated, to take action.

The Exchange believes that proposed Commentary .01 to Rule 7.19 is designed to prevent fraudulent and manipulative acts and practices and promote just and equitable principles of trade because it provides clarity in Exchange rules that the proposed Pre-Trade Risk Controls are intended to supplement, and not replace, a member organization's own internal systems, monitoring, and procedures related to compliance with Rule 15c3–5.

The Exchange believes that proposed Commentary .02 and .03 to Rule 7.19 would remove impediments to and perfect the mechanism of a free and open market and a national market system because they provide clarity regarding how the Pre-Trade Risk Controls would be available to both Floor brokers and their Customers and that the proposed controls would not be available for specified order types that are not processed by the matching engine.

The Exchange similarly believes that proposed Commentary .04 would remove impediments to and perfect the mechanism of a free and open market and a national market system because it promotes transparency and clarity in Exchange rules that DMMs would be able to continue to facilitate auctions on the Exchange if they are subject to a ''Block Only'' or ''Cancel and Block'' Automated Breach Action if they do not seek to include DMM Interest in such auction.

Finally, the Exchange believes that the proposed rule change does not unfairly discriminate among the Exchange's member organizations because use of the Pre-Trade Risk Controls is optional and is not a prerequisite for participation on the Exchange. In addition, because all orders on the Exchange would pass through the risk checks, there would be no difference in the latency experienced by member organizations who have opted to use the Pre-Trade Risk Controls

[14] 15 U.S.C. 78f(b).

[15] 15 U.S.C. 78f(b)(5).

versus those who have not opted to use them.

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. In fact, the Exchange believes that the proposal will have a positive effect on competition because, by providing Entering Firms and their Clearing Firms additional means to monitor and control risk, the proposed rule will increase confidence in the proper functioning of the markets. The Exchange believes the proposed Pre-Trade Risk Controls will assist Entering Firms and Clearing Firms in managing their financial exposure which, in turn, could enhance the integrity of trading on the securities markets and help to assure the stability of the financial system. As a result, the level of competition should increase as public confidence in the markets is solidified.

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

Within 45 days of the date of publication of this notice in the **Federal Register**, or such longer period *up to 90 days* (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) By order approve or disapprove the proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

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

Electronic Comments

- Use the Commission's internet comment form (*http://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include File Number SR–NYSE–2020–17 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–2020–17. 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–NYSE–2020–17 and should be submitted on or before April 8, 2020.

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

J. Matthew DeLesDernier,

Assistant Secretary.

[FR Doc. 2020–05561 Filed 3–17–20; 8:45 am]

BILLING CODE 8011–01–P

[16] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 33815; 812–15074]

Conversus StepStone Private Markets and StepStone Conversus LLC; Notice of Application

March 12, 2020.

AGENCY: Securities and Exchange Commission (''Commission'').

ACTION: Notice.

Notice of an application under section 6(c) of the Investment Company Act of 1940 (the ''Act'') for an exemption from sections 18(a)(2), 18(c), and 18(i) of the Act, pursuant to sections 6(c) and 23(c) of the Act, granting an exemption from rule 23c–3 under the Act, and for an order pursuant to section 17(d) of the Act and rule 17d–1 under the Act.

SUMMARY OF APPLICATION: Applicants request an order to permit certain registered closed-end management investment companies to issue multiple classes of shares of beneficial interest (''Shares'') and to impose asset-based service and/or distribution fees and early withdrawal charges.

APPLICANTS: Conversus StepStone Private Markets (the ''Initial Fund'') and StepStone Conversus LLC (the ''Adviser'').

FILING DATES: The application was filed on October 16, 2019, and amended on January 14, 2020, and March 4, 2020.

HEARING OR NOTIFICATION OF HEARING: An order granting the requested relief will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Commission's Secretary and serving applicants with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on April 6, 2020, and should be accompanied by proof of service on applicants, in the form of an affidavit or, for lawyers, a certificate of service. Pursuant to rule 0–5 under the Act, hearing requests should state the nature of the writer's interest, any facts bearing upon the desirability of a hearing on the matter, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the Commission's Secretary.

ADDRESSES: Secretary, U.S. Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090; Applicants, 1422 S Tryon St., Suite 300, Charlotte, NC 28203.

FOR FURTHER INFORMATION CONTACT: Kieran G. Brown, Senior Counsel, at