

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-99872; File No. SR-NYSEAMER-2024-23)

April 1, 2024

Self-Regulatory Organizations; NYSE American LLC; Notice of Filing and Immediate Effectiveness of Proposed Change to Amend Rules 7.4E, 64, 236, and 257, as well as Sections 510, 512, and 521 of the NYSE American LLC Company Guide

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on March 25, 2024, NYSE American LLC (“NYSE American” 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 Rules 7.4E, 64, 236, and 257, as well as Sections 510, 512, and 521 of the NYSE American LLC Company Guide, to conform to amendments to Rule 15c6-1(a) of the Act to shorten the standard settlement cycle for most broker-dealer transactions from two business days after the trade date (“T+2”) to one business day after the trade date (“T+1”). 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

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

<sup>2</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

On March 6, 2023, the Commission adopted amendments to Rule 15c6-1(a) of the Act to shorten the standard settlement cycle for most broker-dealer transactions from T+2 to T+1.<sup>3</sup> Accordingly, the Exchange proposes to amend the rules identified below to conform with the amendments to Rule 15c6-1(a) and reflect a standard settlement cycle of T+1:

- Rule 7.4E (Ex-Dividend or Ex-Rights Dates)
- Rule 64 (Equities. Bonds, Rights and 100-Share-Unit Stocks)
- Rule 236 (Equities.Ex-Warrants)
- Rule 257 (Equities. Deliveries After ‘Ex’ Date)
- Section 510 of the NYSE American LLC Company Guide (Two Day Delivery Plan)
- Section 512 of the NYSE American LLC Company Guide (Ex-Dividend Procedure)

*Proposed Rule Change*

The Exchange proposes the following changes to reflect a T+1 settlement cycle.

- Rule 7.4E currently provides that transactions in stocks traded regular way are generally “ex-dividend” or “ex-rights” on the business day preceding the record

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<sup>3</sup> See Securities Exchange Act Release No. 96930, 88 FR 13872 (March 6, 2023) (“T+1 Adopting Release”).

date or the date of the closing of transfer books, or else on the second preceding business day when the record date or closing of transfer books occurs on a non-business day. To reflect settlement on T+1 rather than T+2, the Exchange proposes to amend this rule to provide that transactions would be ex-dividend or ex-rights on the record date or date of the closing of transfer books, or on the preceding business day when the record date or closing of transfer books occurs on a non-business day.

- Current Rule 64(a)(i) defines regular way delivery as occurring on the second business day following the day of the contract. To conform with the transition to a T+1 settlement cycle, the Exchange proposes to amend Rule 64(a)(i) to delete the word “second,” such that the rule would provide that regular way delivery occurs on the business day following the day of the contract.<sup>4</sup>
- Current Rule 236<sup>5</sup> provides that ex-warrant trading will begin on the business day preceding the date of expiration of the warrants, except that when expiration occurs on a non-business day, it will begin on the second business day preceding expiration. To conform with a T+1 settlement cycle, the Exchange proposes to delete the phrase “the business day preceding,” such that the rule would provide

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<sup>4</sup> The Exchange also proposes to delete the obsolete parenthetical reference to Rule 14 in current Rule 64(a)(i), as Rule 14 is not applicable to trading on the Pillar platform. See Securities Exchange Act Release No. 82212 (December 4, 2017), 82 FR 58036 (December 8, 2017) (SR-NYSEAMER-2017-34) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Exchange Rules To Delete Obsolete Cash Equities Rules That Are Not Applicable to Trading on the Pillar Trading Platform and To Delete Other Obsolete Rules). The Exchange further proposes to delete Rules 64(a)(ii), 64(b), and 64(c), as the non-regular way settlement options described in such rules are no longer available on the Exchange. See id. The Exchange also proposes non-substantive conforming changes in Rule 64(a) to reflect the deletion of Rules 64(a)(ii), 64(b), and 64(c).

<sup>5</sup> The Exchange also proposes to amend the section header above Rule 236 to conform it with the current title and substance of Rule 236.

that these transactions would be ex-warrants on the date of expiration, and the word “second,” such that the rule would provide for expiration on the business day preceding expiration when expiration occurs on a non-business day.<sup>6</sup>

- Current Rule 257 provides that when a security is sold before it is ex-dividend or ex-rights and delivery is made too late to enable the buyer to obtain transfer in time to become a holder of record to receive the distribution to be made with respect to such security, the seller shall pay or deliver the distribution to the buyer as set forth in this rule. In the case of stock dividends or rights to subscribe, the seller must deliver to the buyer within two days after the record date either the dividend or rights (or due-bill for the same). In the case of cash dividends, the seller must deliver to the buyer within two days after the record date a due-bill-check for the amount of the dividend. The Exchange proposes to amend Rule 257 to replace the references to “two days after the record date” with references to “one day after the record date,” to conform with the transition to a T+1 settlement cycle.<sup>7</sup>
- Section 510 of the NYSE American LLC Company Guide provides that transactions effected regular way on the Exchange are due for settlement in two business days. To conform with the transition from T+2 to T+1 settlement, the Exchange proposes to amend Section 510 to provide that transactions on the Exchange will be settled in one business day and are due for settlement on the

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<sup>6</sup> The Exchange also proposes to delete the parenthetical reference to Rule 14 because, as noted above, Rule 14 is no longer applicable to trading on the Exchange. See note 4, supra.

<sup>7</sup> The Exchange further proposes to delete the reference to Rule 14 because, as noted above, Rule 14 is no longer applicable to trading on the Exchange. See note 4, supra.

business day after the transaction date. The Exchange further proposes to amend the days of the week in the example provided in Section 510 from Tuesday to Monday and from Wednesday to Tuesday, to reflect the shortened settlement cycle.

- Section 512 of the NYSE American LLC Company Guide currently provides that transactions are ex-dividend on the business day preceding the record date, except that if the record date is not a business day, the transaction would be ex-dividend on the second preceding business day. To conform with T+1 settlement, the Exchange proposes to amend Section 512 to provide that transactions would be ex-dividend on the record date or, if the record date is a non-business day, on the preceding business day.<sup>8</sup>

#### *Implementation*

The Exchange proposes that the operative date of this proposed rule change will be Tuesday, May 28, 2024, which is the compliance date specified in the T+1 Adopting Release, or such later date as may be announced by the Commission for compliance with the amendments to Rule 15c6-1(a) set forth in the T+1 Adopting Release.<sup>9</sup> With the implementation of the T+1 settlement cycle and as described in the proposed changes outlined above, the ex-dividend date for “normal” distributions will be the same business day as the record date. Accordingly, the Exchange proposes that Wednesday, May 29, 2024 would be the first date to which the proposed rules described herein would apply (i.e., the first record date to which the new ex-dividend date rationale will be applied). During the implementation of the T+1 settlement cycle, the Exchange

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<sup>8</sup> The Exchange also proposes to delete references to cash transactions in Section 521 as obsolete. See note 4, supra.

<sup>9</sup> See note 3, supra.

proposes that the ex-dividend dates will be as follows:

<b>Record Date</b>	<b>Ex-Dividend Date</b>
May 24, 2024	May 23, 2024
May 28, 2024	May 24, 2024
May 29, 2024	May 29, 2024

A record date of Friday, May 24, 2024 would be a date prior to the effective date of the amendments to Rule 15c6-1(a) of the Act to shorten the standard settlement cycle for most broker-dealer transactions from T+2 to T+1.<sup>10</sup> The rules described above would apply to this record date in their current form and, thus, the “ex-dividend date” would be the first business day preceding the record date or Thursday, May 23, 2024. Monday, May 27, 2024 is Memorial Day, which is an Exchange holiday; accordingly, there would be no record date on a holiday. A record date of Tuesday, May 28, 2024 would also fall under the Exchange’s current rules, and the first business day preceding such record date would be Friday, May 24, 2024. On Wednesday, May 29, 2024, the proposed rules described above would apply, such that, for the record date of May 29, 2024, the “ex-dividend date” would be the same business day.

The Exchange will issue a Trader Notice regarding the implementation of the proposed rule change and T+1 settlement cycle, which date would correspond with the industry-led transition to a T+1 standard settlement, and the compliance date of the Commission’s amendment of Rule 15c6-1(a) of the Act to require standard settlement no later than T+1.

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,<sup>11</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>12</sup> in particular,

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<sup>10</sup> See note 3, *supra*.

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

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

because it is designed to prevent fraudulent and manipulative acts and practices, 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 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 particular, the proposed rule change would amend the Exchange's rules to reflect a standard settlement cycle of T+1, in support of the industry-led initiative to shorten the settlement cycle to one business day. Moreover, the proposed rule change is consistent with the Commission's amendments to Rule 15c6-1(a) of the Act to require standard settlement no later than T+1. The Exchange believes that the proposed rule change would provide regulatory certainty to facilitate the industry-led move to a T+1 settlement cycle. The Exchange further believes that, by shortening the time period for settlement of most securities transactions, the proposed rule change would protect investors and the public interest by reducing the number of unsettled trades in the clearance and settlement system at any given time, thereby reducing the risk inherent in settling securities transactions to clearing corporations, their members, and public investors.

**B. Self-Regulatory Organization's Statement on Burden on Competition**

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed change is not designed to address any competitive issue, but rather to support the industry's transition to a T+1 regular-way settlement cycle in conformity with the Commission's amendment of Rule 15c6-1(a). The proposed change amends the Exchange's rules pertaining to securities settlement, which rules would apply uniformly to all contracts for the purchase or sale of a security (other than exempted securities) that provide for payment of funds and delivery of

securities that occur on the Exchange or other self-regulatory organizations and is intended to facilitate the industry-wide transition to a T+1 settlement cycle. The Exchange also believes that the proposed rule change will serve to promote clarity and consistency in its rules, thereby reducing burdens on the marketplace and facilitating investor protection. Accordingly, the Exchange believes that the proposed changes do not impose any burden on competition other than that necessary to implement the amendments to Rule 15c6-1(a) of the Act as set forth in the T+1 Adopting Release.<sup>13</sup>

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

Because the foregoing 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 for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6) thereunder.

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.

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<sup>13</sup> See note 3, supra.



#### 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-NYSEAMER-2024-23 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-NYSEAMER-2024-23. 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-NYSEAMER-2024-23 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>14</sup>

**J. Matthew DeLesDernier,**

*Deputy Secretary.*

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<sup>14</sup> 17 CFR 200.30-3(a)(12).