



To: ALL FLOOR MEMBERS
From: NYSE REGULATION
Subject: NYSE MKT TRANSITION TO NYSE AMERICAN

The purpose of this Member Education Bulletin (“MEB”) is to remind members of the forthcoming rule changes that will accompany the transition of NYSE MKT (the “Exchange”) to NYSE American.

As previously announced, on July 24, 2017, NYSE MKT will be reintroduced as NYSE American, leveraging NYSE Pillar technology and moving from the current Floor-based market with a parity allocation model to a fully automated market with a price-time priority allocation model. In connection with this change, the traditional role of the Exchange’s Floor-based traders, such as designated market makers (“DMMs”) and Floor brokers, will not be retained in Pillar and electronic DMMs will replace Floor-based DMMs. The Exchange has adopted new rules relating to market makers to reflect and address these changes.

The rule changes governing market makers associated with the transition to NYSE American are fully described in NYSE MKT Rule Filing SR-NYSEMKT-2017-04 (the “Rule Filing”) and in NYSE American Rules 7.20E – 7.26E. The rules described therein are based on the rules of NYSE Arca Equities, Inc., which has already implemented Pillar. Some of the changes resulting from the new rules are highlighted below.

- Member organizations already registered as market makers (i.e., a Supplemental Liquidity Provider Market Maker) by the Exchange will continue to be registered as market makers without being required to re-register as market makers. However, the Exchange will no longer support the SLP program in NYSE American-traded securities.
- DMMs already registered in an Exchange-listed security will continue to be registered in such security. However, following the transition to NYSE American, DMMs will only have electronic access for trading, the registration of a security with a DMM will be at the firm level rather than at the natural person level, and DMMs will not have any responsibilities or duties to facilitate the opening, reopening, or closing of assigned Exchange-listed securities.
- DMMs will not be entitled to a parity allocation of executions.
- DMMs will no longer be subject to heightened capital requirements.
- DMMs will be required to maintain a bid or an offer at the NBB and NBO (inside) at least 25% of the day as measured across all NYSE American-listed securities that have been assigned to the DMM. To get credit for trading, DMMs must use MMIDs.
- DMMs will continue to be subject to rules governing allocation of securities, temporary withdrawal from its DMM status, and combination of DMM units that are based on current rules.

- A market maker that fails to notify the Exchange of its written notice of withdrawal on the business day prior to its withdrawal may be subject to formal disciplinary action.

Note, because the Exchange will not trade on its current Floor-based trading platform and the Pillar trading platform at the same time, once trading on the Pillar trading platform begins, specified current Exchange equities trading rules will no longer be applicable. Accordingly, a preamble to each current NYSE MKT rule that will no longer be applicable when trading on the Pillar trading platform begins states that “this rule is not applicable to trading on the Pillar trading platform.” Once the Exchange has transitioned to the Pillar trading platform, the Exchange will file a separate proposed rule change to delete those current rules that have been identified in this filing as not being applicable to trading on Pillar. Current Exchange rules governing equities trading that do not have this preamble will continue to govern Exchange operations on its cash equities trading platform.

The full text of the Rule Filing is available at:

[https://www.nyse.com/publicdocs/nyse/markets/nyse-mkt/rule-filings/sec-approvals/2017/\(SR-NYSEMKT-2017-04\)%2034-80577.pdf](https://www.nyse.com/publicdocs/nyse/markets/nyse-mkt/rule-filings/sec-approvals/2017/(SR-NYSEMKT-2017-04)%2034-80577.pdf).

All rule filings associate with the transition to NYSE American can be found at the link below:

<https://www.nyse.com/regulation/rule-filings>.

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