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OMB APPROVAL
OMB Number: 3235-0045 Estimated average burden hours per response............38

Page 1 of * 21

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No.* SR - 2019 - * 14
Amendment No. (req. for Amendments *)

Filing by New York Stock Exchange LLC

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
☑	☐	☐	☑	☐	☐

Rule: ☐ 19b-4(f)(1) ☐ 19b-4(f)(2) ☐ 19b-4(f)(3) ☐ 19b-4(f)(4) ☐ 19b-4(f)(5) ☐ 19b-4(f)(6)

Pilot ☐

Extension of Time Period for Commission Action * ☐

Date Expires *

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Section 806(e)(1) * ☐

Section 806(e)(2) * ☐

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934

Section 3C(b)(2) * ☐

Exhibit 2 Sent As Paper Document ☐

Exhibit 3 Sent As Paper Document ☐

Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Proposal to amend Section 703.18 of the Listed Company Manual to expand the circumstances under which a Contingent Value Right may be listed on the Exchange

Contact Information

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 * John
Last Name * Carey
Title * Senior Director NYSE Group Inc.
E-mail * John.Carey@theice.com
Telephone * (212) 656-5640
Fax (212) 656-2028

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date 04/25/2019

By Martha Redding

(Name *)

(Title *)

Assistant Secretary

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

Martha Redding,

Required fields are shown with yellow backgrounds and asterisks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information * Add Remove View	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	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 Advance 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, security-based swap submission, or advance notice 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 Exhibit Sent As Paper Document ☐	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 3 - Form, Report, or Questionnaire Add Remove View Exhibit Sent As Paper Document ☐	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 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	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 "Act")[1] and Rule 19b-4 thereunder,[2] New York Stock Exchange LLC ("NYSE" or the "Exchange") proposes to amend Section 703.18 of the Listed Company Manual (the "Manual") to expand the circumstances under which a Contingent Value Right may be listed on the Exchange.

The text of the proposed rule change is set forth in Exhibit 5 attached hereto. A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1.

(b) The Exchange does not believe that the proposed rule change would have any direct effect, or any significant indirect effect, on 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:

John Carey
Senior Director
NYSE Group, Inc.
(212) 656-5640

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

(a) Purpose

Contingent Value Rights ("CVRs") are unsecured obligations of the issuer providing for a possible cash payment either (i) at maturity based upon the price performance of an affiliate's equity security (a "Price-Based CVR") or (ii) within a specified time period, upon the occurrence of a specified event relating to the

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

2 17 CFR 240.19b-4.

business of the issuer of the CVR or an affiliate of such issuer (an "Event-Based CVR"). Section 703.18 of the Manual currently provides only for the listing of Price-Based CVRs. The Exchange proposes the following changes to its listing rules for CVRs:

- To permit the listing of Event-Based CVRs;
- To update the issuer listing standards in Section 703.18 to reflect changes to the initial listing requirements for operating companies referenced in that rule; and
- To modify the delisting provisions to reflect that a CVR will be delisted if its issuer's common stock ceases to be listed on a national securities exchange.

The Exchange proposes to amend Section 703.18 to also provide for the listing of Event-Based CVRs. With the exception of the payment triggering event, Event-Based CVRs are identical in structure to Price-Based CVRs, the listing of which has been permitted under Section 703.18 for many years.

Event-Based CVRs would qualify for listing under the Exchange's current listing standards for "Other Securities." However, the Exchange is filing this proposed rule change because in the 1998 release adopting amendments to Exchange Act Rule 19b-4, which among other things added a definition of "new derivative securities product," the Commission stated that "[u]nder the amendment, if an SRO does not have listing standards, trading rules and procedures for CVRs approved by the Commission, such SRO must submit a proposed rule change for Commission approval, under Section 19(b), to establish listing standards, trading rules and procedures for the CVR product class, prior to listing CVRs."[3]

Price-Based CVRs are generally distributed to shareholders of an acquired company who are receiving shares of the acquirer as acquisition consideration. The Price-Based CVRs provide the acquiree's shareholders with some medium term protection against poor stock price performance of the shares of the acquirer by guaranteeing them a specified cash payment if the acquirer's average stock price is below a specified level at the time of maturity of the Price-Based CVR.

Event-Based CVRs are also typically issued to the shareholders of an acquired entity as consideration in an acquisition transaction. Event-Based CVRs entitle their holders to receive a specified cash payment upon the occurrence of a specified event prior to the maturity date of the Event-Based CVR. The Event-Based CVR provides the shareholders of the acquiree an additional interest in the medium-term performance of the merged entity. A common example of an Event-Based CVR occurs in mergers of life sciences companies, when the CVR payment is triggered by the receipt of FDA approval of a new drug application.

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[3] Exchange Act Release No. 40761 (December 8, 1998), 63 FR 70952, at 70956-57 (December 22, 1998).

Another example of an Event-Based CVR is a CVR whose payment triggering event is the achievement of a specified level of financial performance by the combined entity or by a division of the combined entity representing the assets from the acquired company. Event-Based CVRs, which are transferrable, have become increasingly common in recent years, especially in connection with mergers of life sciences companies, and the Exchange believes it is appropriate to amend Section 703.18 to permit their listing on the NYSE.

Section 703.18 currently provides that the issuer of a listed CVR must be an entity that has assets in excess of $100 million and meets the “size and earnings” requirements of Section 102 of the Manual. The Exchange intends to retain the $100 million assets requirement, but it proposes to amend the reference to the “size and earnings requirements” of Section 102 by specifying instead that the issuer must meet the requirements of Sections 102.01B and 102.01C. The requirements of Section 102.01B include the size requirements applicable to all newly-listed operating companies (the applicable requirement would be the $100 million in market value of publicly-held shares requirement applied to companies transferring from another national securities Exchange), as well as a $4.00 stock price requirement. Section 102.01C sets forth two financial standards, the Earnings Test and the Global Market Capitalization Test, one of which must be met by an issuer seeking to list on the Exchange. The Global Market Capitalization Test, which was adopted subsequent to the approval of Section 703.18, requires that an issuer have $200 million in global market capitalization at the time of listing, but includes no earnings criteria. Because most issuers qualify for listing pursuant to the Global Market Capitalization Test, and such test has no earnings criteria, the Exchange believes it is appropriate to remove the reference to “size and earning requirements” in the current Section 703.18 and replace that language with a reference to Sections 102.01B and 102.01C instead. The Exchange believes that an issuer that meets the requirements of the Global Market Capitalization Test is likely to be a substantial company capable of meeting its financial obligations under the terms of a listed CVR.

Currently, Section 703.18 provides that a CVR may be delisted when the related equity security to which the cash payment at maturity is tied is delisted. To reflect the fact that the delisting provision will now relate to both Cash-Based CVRs and Event-Based CVRs and to reflect the fact that Event-Based CVRs are not tied to the performance of a specific security, the Exchange proposes to modify this provision to provide that a CVR will be delisted when the issuer’s common stock ceases to be listed on a national securities exchange. Under the Exchange’s proposed amendment, if the common stock of a CVR issuer ceases to be listed on a national securities exchange, the CVR will be automatically delisted and the Exchange will not have discretion to continue listing the CVR.

Finally, the Exchange proposes to update a reference in Section 703.18 to New York Stock Exchange, Inc., by replacing it with a reference to New York Stock Exchange LLC, which is the correct current legal entity name for the Exchange.

In addition, the Exchange proposes to add an introductory sentence prior to the form of information circular contained in Section 703.18. The Exchange intends to issue an information circular as described in Section 703.18 immediately prior to the listing of any CVR, including any Event-Based CVR.

The Exchange will monitor activity in CVRs, including Event-Based CVRs, to identify and deter any potential improper trading activity in such securities and will adopt enhanced surveillance procedures to enable it to monitor CVRs alongside the common equity securities of the issuer or its affiliates, as applicable. The Exchange will rely on its existing trading surveillances, administered by the Exchange, or the Financial Industry Regulatory Authority ("FINRA") on behalf of the Exchange, which are designed to detect violations of Exchange rules and applicable federal securities laws.

(b) Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Exchange Act,[4] in general, and furthers the objectives of Section 6(b)(5) of the Exchange Act,[5] in particular in that it is designed 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 is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The proposal to permit the listing of Event-Based CVRs under Section 703.18 is designed to protect investors and the public interest. Listed companies have been issuing transferable Event-Based CVRs as acquisition consideration for a number of years.[6] The purpose of the proposed amendment is to provide a transparent regulated market for the trading of those securities. The Exchange notes that, with the exception of the payment triggering event, Event-Based CVRs are identical in structure to Price-Based CVRs. The listing of Price-Based CVRs has been permitted under Section 703.18 for many years.

The Exchange will distribute an information circular as described in Section 703.18 prior to the commencement of trading of any CVR apprising member

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4 15 U.S.C. 78f(b).

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

6 See, for example, CVRs listed by Sanofi (cash payment tied to achieving sales targets of certain drugs) and Wright Medical Group N.V. (cash payment tied to FDA approval of a certain drug and achieving revenue milestones), both listed on the Nasdaq Stock Market.

firms of the special characteristics and risks of the CVR, as well as the Exchange's know-your-customer, suitability, and other rules applicable thereto. The distribution of this information circular will help address concerns, among others, that the complexity of a CVR could lead to investor confusion and create certain risks. In addition, the Exchange will monitor activity in CVRs, including Event-Based CVRs, to identify and deter any potential improper trading activity in such securities and will adopt enhanced surveillance procedures to enable it to monitor CVRs together with the common equity securities of the issuer or its affiliates, as applicable. The Exchange believes these measures will reduce the risks of manipulative or other improper activity in connection with CVRs.

The proposed modification to the issuer qualification requirements of Section 703.18 is designed to protect investors and the public interest, as it conforms those requirements to changes in the initial listing requirements for common stocks of operating companies pursuant to amendments to Section 102 that have been implemented since the adoption of Section 703.18. The issuer requirements under Section 703.18 are those applied to the initial listing of common stocks of operating companies and, as such, the Exchange believes that they are sufficiently rigorous to be used in connection with the listing of CVRs. The Exchange further believes that issuers that meek the Exchange's issuer qualification requirements are likely to be substantial companies capable of meeting their financial obligations under the terms of a listed CVR. The Exchange also notes that it will continue to require issuers of listed CVRs to have at least $100 million in total assets at the time of original listing.

The proposal to amend the continued listing requirements of Section 703.18 to provide that a listed CVR will be delisted if its issuer ceases to be listed on a national securities exchange is designed to protect investors and the public interest, as it ensures that issuers whose CVR s are listed on the Exchange will meet the qualitative and quantitative standards for listing on a national securities exchange on a continuous basis.

The updated reference to the Exchange's legal entity name and additional introductory language are simply factual corrections and have no substantive impact.

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 Act. The proposed amendment to Section 703.18 will increase competition by providing an additional listing venue for Event-Based CVRs. The amendment to the issuer qualification requirements in Section 703.18 simply conforms those requirements to modifications to the initial listing requirements for common stocks of operating companies and does not impose any burden on competition. The amendment to the continued listing requirements in 703.18 is being proposed to ensure the ongoing suitability for listing of the issuers of CVRs and does not impose any burden on competition.

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

The Exchange does not consent at this time to an extension of any time period for Commission action.

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.

11. Exhibits

Exhibit 1 – Form of Notice of Proposed Rule Change for Federal Register

Exhibit 5 – Proposed Rule Text

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-NYSE-2019-14)

[Date]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing of Proposed Rule Change to Amend Section 703.18 of the Listed Company Manual

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 April 25, 2019, 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, 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 amend Section 703.18 of the Listed Company Manual (the "Manual") to expand the circumstances under which a Contingent Value Right may be listed on the Exchange. 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

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

2 15 U.S.C. 78a.

3 17 CFR 240.19b-4.

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

Contingent Value Rights ("CVRs") are unsecured obligations of the issuer providing for a possible cash payment either (i) at maturity based upon the price performance of an affiliate's equity security (a "Price-Based CVR") or (ii) within a specified time period, upon the occurrence of a specified event relating to the business of the issuer of the CVR or an affiliate of such issuer (an "Event-Based CVR"). Section 703.18 of the Manual currently provides only for the listing of Price-Based CVRs. The Exchange proposes the following changes to its listing rules for CVRs:

- To permit the listing of Event-Based CVRs;
- To update the issuer listing standards in Section 703.18 to reflect changes to the initial listing requirements for operating companies referenced in that rule; and
- To modify the delisting provisions to reflect that a CVR will be delisted if its issuer's common stock ceases to be listed on a national securities exchange.

The Exchange proposes to amend Section 703.18 to also provide for the listing of Event-Based CVRs. With the exception of the payment triggering event, Event-Based

CVRs are identical in structure to Price-Based CVRs, the listing of which has been permitted under Section 703.18 for many years.

Event-Based CVRs would qualify for listing under the Exchange's current listing standards for "Other Securities." However, the Exchange is filing this proposed rule change because in the 1998 release adopting amendments to Exchange Act Rule 19b-4, which among other things added a definition of "new derivative securities product," the Commission stated that "[u]nder the amendment, if an SRO does not have listing standards, trading rules and procedures for CVRs approved by the Commission, such SRO must submit a proposed rule change for Commission approval, under Section 19(b), to establish listing standards, trading rules and procedures for the CVR product class, prior to listing CVRs."[4]

Price-Based CVRs are generally distributed to shareholders of an acquired company who are receiving shares of the acquirer as acquisition consideration. The Price-Based CVRs provide the acquiree's shareholders with some medium term protection against poor stock price performance of the shares of the acquirer by guaranteeing them a specified cash payment if the acquirer's average stock price is below a specified level at the time of maturity of the Price-Based CVR.

Event-Based CVRs are also typically issued to the shareholders of an acquired entity as consideration in an acquisition transaction. Event-Based CVRs entitle their holders to receive a specified cash payment upon the occurrence of a specified event prior to the maturity date of the Event-Based CVR. The Event-Based CVR provides the shareholders of the acquiree an additional interest in the medium-term performance of the

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4 Exchange Act Release No. 40761 (December 8, 1998), 63 FR 70952, at 70956-57 (December 22, 1998).

merged entity. A common example of an Event-Based CVR occurs in mergers of life sciences companies, when the CVR payment is triggered by the receipt of FDA approval of a new drug application. Another example of an Event-Based CVR is a CVR whose payment triggering event is the achievement of a specified level of financial performance by the combined entity or by a division of the combined entity representing the assets from the acquired company. Event-Based CVRs, which are transferrable, have become increasingly common in recent years, especially in connection with mergers of life sciences companies, and the Exchange believes it is appropriate to amend Section 703.18 to permit their listing on the NYSE.

Section 703.18 currently provides that the issuer of a listed CVR must be an entity that has assets in excess of $100 million and meets the "size and earnings" requirements of Section 102 of the Manual. The Exchange intends to retain the $100 million assets requirement, but it proposes to amend the reference to the "size and earnings requirements" of Section 102 by specifying instead that the issuer must meet the requirements of Sections 102.01B and 102.01C. The requirements of Section 102.01B include the size requirements applicable to all newly-listed operating companies (the applicable requirement would be the $100 million in market value of publicly-held shares requirement applied to companies transferring from another national securities Exchange), as well as a $4.00 stock price requirement. Section 102.01C sets forth two financial standards, the Earnings Test and the Global Market Capitalization Test, one of which must be met by an issuer seeking to list on the Exchange. The Global Market Capitalization Test, which was adopted subsequent to the approval of Section 703.18, requires that an issuer have $200 million in global market capitalization at the time of listing, but includes no earnings criteria. Because most issuers qualify for listing pursuant to the Global Market Capitalization Test, and such test has no earnings criteria, the Exchange believes it is appropriate to remove the reference to "size and earning requirements" in the current Section 703.18 and replace that language with a reference to Sections 102.01B and 102.01C instead. The Exchange believes that an issuer that meets the requirements of the Global Market Capitalization Test is likely to be a substantial company capable of meeting its financial obligations under the terms of a listed CVR.

Currently, Section 703.18 provides that a CVR may be delisted when the related equity security to which the cash payment at maturity is tied is delisted. To reflect the fact that the delisting provision will now relate to both Cash-Based CVRs and Event-Based CVRs and to reflect the fact that Event-Based CVRs are not tied to the performance of a specific security, the Exchange proposes to modify this provision to provide that a CVR will be delisted when the issuer's common stock ceases to be listed on a national securities exchange. Under the Exchange's proposed amendment, if the common stock of a CVR issuer ceases to be listed on a national securities exchange, the CVR will be automatically delisted and the Exchange will not have discretion to continue listing the CVR.

Finally, the Exchange proposes to update a reference in Section 703.18 to New York Stock Exchange, Inc., by replacing it with a reference to New York Stock Exchange LLC, which is the correct current legal entity name for the Exchange. In addition, the Exchange proposes to add an introductory sentence prior to the form of information circular contained in Section 703.18. The Exchange intends to issue an information circular as described in Section 703.18 immediately prior to the listing of any CVR, including any Event-Based CVR.

The Exchange will monitor activity in CVRs, including Event-Based CVRs, to identify and deter any potential improper trading activity in such securities and will adopt enhanced surveillance procedures to enable it to monitor CVRs alongside the common equity securities of the issuer or its affiliates, as applicable. The Exchange will rely on its existing trading surveillances, administered by the Exchange, or the Financial Industry Regulatory Authority ("FINRA") on behalf of the Exchange, which are designed to detect violations of Exchange rules and applicable federal securities laws.

2. Statutory Basis

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

The proposal to permit the listing of Event-Based CVRs under Section 703.18 is designed to protect investors and the public interest. Listed companies have been issuing transferable Event-Based CVRs as acquisition consideration for a number of years.[7] The

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

[6] 15 U.S.C. 78f(b)(5).

[7] See, for example, CVRs listed by Sanofi (cash payment tied to achieving sales

purpose of the proposed amendment is to provide a transparent regulated market for the trading of those securities. The Exchange notes that, with the exception of the payment triggering event, Event-Based CVRs are identical in structure to Price-Based CVRs. The listing of Price-Based CVRs has been permitted under Section 703.18 for many years.

The Exchange will distribute an information circular as described in Section 703.18 prior to the commencement of trading of any CVR apprising member firms of the special characteristics and risks of the CVR, as well as the Exchange's know-your-customer, suitability, and other rules applicable thereto. The distribution of this information circular will help address concerns, among others, that the complexity of a CVR could lead to investor confusion and create certain risks. In addition, the Exchange will monitor activity in CVRs, including Event-Based CVRs, to identify and deter any potential improper trading activity in such securities and will adopt enhanced surveillance procedures to enable it to monitor CVRs together with the common equity securities of the issuer or its affiliates, as applicable. The Exchange believes these measures will reduce the risks of manipulative or other improper activity in connection with CVRs.

The proposed modification to the issuer qualification requirements of Section 703.18 is designed to protect investors and the public interest, as it conforms those requirements to changes in the initial listing requirements for common stocks of operating companies pursuant to amendments to Section 102 that have been implemented since the adoption of Section 703.18. The issuer requirements under Section 703.18 are those applied to the initial listing of common stocks of operating companies and, as such,

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targets of certain drugs) and Wright Medical Group N.V. (cash payment tied to FDA approval of a certain drug and achieving revenue milestones), both listed on the Nasdaq Stock Market.

the Exchange believes that they are sufficiently rigorous to be used in connection with the listing of CVRs. The Exchange further believes that issuers that meek the Exchange's issuer qualification requirements are likely to be substantial companies capable of meeting their financial obligations under the terms of a listed CVR. The Exchange also notes that it will continue to require issuers of listed CVRs to have at least $100 million in total assets at the time of original listing.

The proposal to amend the continued listing requirements of Section 703.18 to provide that a listed CVR will be delisted if its issuer ceases to be listed on a national securities exchange is designed to protect investors and the public interest, as it ensures that issuers whose CVR s are listed on the Exchange will meet the qualitative and quantitative standards for listing on a national securities exchange on a continuous basis.

The updated reference to the Exchange's legal entity name and additional introductory language are simply factual corrections and have no substantive impact.

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 amendment to Section 703.18 will increase competition by providing an additional listing venue for Event-Based CVRs. The amendment to the issuer qualification requirements in Section 703.18 simply conforms those requirements to modifications to the initial listing requirements for common stocks of operating companies and does not impose any burden on competition. The amendment to the continued listing requirements in 703.18 is being proposed to ensure the ongoing suitability for listing of the issuers of CVRs and does not impose any burden on competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the Federal Register or 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 e-mail to rule-comments@sec.gov. Please include File Number SR-NYSE-2019-14 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-2019-14. This file number should be included on the subject line if e-mail 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-2019-14 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[8]

Eduardo A. Aleman
Deputy Secretary

[8] 17 CFR 200.30-3(a)(12).

EXHIBIT 5

Added text underlined;
Deleted text in [brackets].

NYSE Listed Company Manual

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703.18 Contingent Value Rights

The Exchange will list Contingent Value Rights which are unsecured obligations of the issuer providing for a possible cash payment either (i) at maturity based upon the price performance of an affiliate's equity security (a “Price-Based Contingent Value Right”) or (ii) within a specified time period, upon the occurrence of a specified event related to the business of the issuer or an affiliate of the issuer (an “Event-Based Contingent Value Right”).

At maturity, the holder of a Price-Based Contingent Value Right is entitled to a cash payment if the average market price of the related equity security is less than a pre-set target price. The target price is typically established at the time the Price-Based Contingent Value Right is issued. Conversely, should the average market price of the related equity security equal or exceed the target price, the Price-Based Contingent Value Right would expire worthless.

Within a specified time period, the holder of an Event-Based Contingent Value Right is entitled to a cash payment upon occurrence of an event related to the business of the issuer or an affiliate of the issuer specified at the time the Event-Based Contingent Value Right is issued. Conversely, should the specified event not occur within the specified time period, the Event-Based Contingent Value Right would expire worthless.

(A) Issuer Listing Standards

The issuer will be an entity that has assets in excess of $100 million and that meets the [size and earnings] requirements of [Para.] Sections 102.01B and 102.01C..

(B) Contingent Value Rights Listing Standards

The issue must have:

•At least 1 million CVR's outstanding

•At least 400 holders

•Minimum life of one year

•At least $4 million market value.

The issue may be delisted when the aggregate market value of the publicly-held CVR[s] is less than $1,000,000 [or when the related equity security to which the cash payment at maturity is tied is delisted] <u>and will be delisted when the issuer's common stock ceases to be listed on a national securities exchange</u>.

<u>Prior to listing a Contingent Value Right, the Exchange will publish an information circular in substantially the following form:</u>

NEW YORK STOCK EXCHANGE[, INC.] <u>LLC</u>

Date:

CIRCULAR TO THE MEMBERSHIP

The following Contingent Voting Rights of __________ have been approved for Exchange listing and will commence trading at a date to be announced.

•X,000,000 Contingent Value Rights expiring __________ unless extended as more fully explained in the joint proxy/prospectus.

•The Contingent Value Rights will trade with the ticker symbol __________

Since the Contingent Value Rights have certain unique characteristics, investors should be afforded an explanation of such special characteristics and risks attendant to trading thereof, including the possibility that the maturity date may be extended and that the CVR's may possibly expire without value (consult the joint proxy/prospectus for full details). The Exchange suggests that transactions in CVR's be recommended only to investors whose accounts have been approved for options trading. If a customer has not been approved for options trading, or does not wish to open an options account, the firm should ascertain that CVR's are suitable for the customer.

Before a member, member organization, allied member or employee of such member organization undertakes to recommend a transaction in the Contingent Value Rights, such member or member organization should make a determination that such Contingent Value Rights are suitable for such customer and the person making the recommendation should have a reasonable basis for believing, at the time of making the recommendation, that the customer has such knowledge and experience in financial matters that he may reasonably be expected to be capable of evaluating the risks and special characteristics of recommended transaction and is financially able to bear the risks of the recommended transaction.

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