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SECURITIES AND EXCHANGE COMMISSION  
[Release No. 34-86651; File No. SR-NYSE-2019-14]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 1, to Amend Section 703.18 of the Listed Company Manual to Permit the Listing of Event-Based Contingent Value Rights and Make Other Changes to the Listing Standards for Contingent Value Rights  
August 13, 2019.

I. Introduction

On April 25, 2019, New York Stock Exchange LLC (“NYSE” or the “Exchange”) filed with the Securities and Exchange Commission (“Commission”) pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to amend Section 703.18 of the Exchange’s Listed Company Manual (“Manual”) to expand the circumstances under which a contingent value right (“CVR”) may be listed on the Exchange and make other changes to the listing standards for CVRs. The proposed rule change was published for comment in the Federal Register on May 15, 2019.<sup>3</sup> On August 8, 2019, the Exchange filed Amendment No. 1 to the proposed rule change.<sup>4</sup> The Commission received no

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

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

<sup>3</sup> See Securities Exchange Act Release No. 85812 (May 9, 2019), 84 FR 21861 (“Notice”).

<sup>4</sup> In Amendment No. 1, the Exchange revised the proposal to: (1) require public disclosure of all material terms of a CVR prior to listing; (2) require public disclosure of an occurrence of any event or events upon which a CVR payment is conditioned, or the failure of such event or events to occur, in accordance with Sections 202.05 and 202.06 of the Manual; (3) specify that the Exchange will not list a CVR if, at the time of the proposed listing, the issuer is below compliance with applicable listing standards; (4) state that, in addition to its original proposal to promptly delist any CVR when the issuer’s common stock ceases to be listed on a national securities exchange, the Exchange will also promptly delist a CVR when the related equity security to which the cash payment at maturity is tied is no longer listed on a national security exchange; and (5)

comment letters on the proposed rule change. The Commission is publishing this notice to solicit comments on Amendment No. 1 from interested persons, and is approving the proposed rule change, as modified by Amendment No. 1, on an accelerated basis.

II. Description of the Proposed Rule Change, as Modified by Amendment No. 1

Section 703.18 of the Manual currently provides only for the listing of CVRs that are related to the price of an affiliate's equity security (a "Price-Based CVR").<sup>5</sup> The Exchange proposes to amend Section 703.18 of the Manual to also provide for the listing of CVRs based on the occurrence of a specified event or events related to the business of the issuer or an affiliate of the issuer (an "Event-Based CVR"). As proposed by the Exchange, an Event-Based CVR would be defined as an unsecured obligation of the issuer providing for a possible cash payment, within a specified time period, upon the occurrence of a specified event or events relating to the business of the issuer of the CVR or an affiliate of such issuer.<sup>6</sup> The Exchange notes that, with the exception of the payment triggering event or events, Event-Based CVRs are identical in structure to Price-Based CVRs.<sup>7</sup> The Exchange also proposes to amend Section 703.18 of the Manual to make other changes to the listing standards for both Price-Based and Event-Based CVRs, as described in more detail below.

According to the Exchange, Price-Based CVRs are generally distributed to shareholders of an acquired company who are receiving shares of the acquirer as acquisition consideration.<sup>8</sup>

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make technical, clarifying changes. Amendment No. 1 is available at <https://www.sec.gov/comments/sr-nyse-2019-14/srnyse201914-5944385-189087.pdf>.

<sup>5</sup> Under Section 703.18 of the Manual, Price-Based CVRs are defined as unsecured obligations of the issuer providing for a possible cash payment at maturity based upon the price performance of an affiliate's equity security.

<sup>6</sup> See proposed Section 703.18 of the Manual. See also Amendment No. 1.

<sup>7</sup> See Notice, supra note 3, at 21862. See also proposed Section 703.18 of the Manual.

<sup>8</sup> See Notice, supra note 3, at 21861.

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.<sup>9</sup> According to the Exchange, Event-Based CVRs are also typically issued to the shareholders of an acquired entity as consideration in an acquisition transaction.<sup>10</sup> Event-Based CVRs entitle their holders to receive a specified cash payment upon the occurrence of a specified event or events related to the business of the issuer or an affiliate of the issuer prior to the maturity date of the Event-Based CVR.<sup>11</sup> The Event-Based CVR provides the shareholders of the acquiree an additional interest in the medium-term performance of the merged entity upon occurrence of its specified event(s).<sup>12</sup> Pursuant to the amended proposal, the Exchange would require that all material terms of a Price-Based or Event-Based CVR be publicly disclosed prior to listing a CVR.<sup>13</sup>

Section 703.18 of the Manual 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. While the proposed rule change will retain the \$100 million assets requirement for CVRs, the Exchange proposes to amend the reference to the “size and earnings requirements” of Section 102 of the Manual by specifying instead that the issuer must meet the requirements of Sections 102.01B and 102.01C of the Manual.<sup>14</sup> The requirements of Section

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<sup>9</sup> See id. at 21861-62.

<sup>10</sup> See id. at 21862.

<sup>11</sup> See id. See also Amendment No. 1.

<sup>12</sup> See Notice, supra note 3, at 21862, which also provides examples of common Event-Based CVRs.

<sup>13</sup> See Amendment No. 1.

<sup>14</sup> See proposed Section 703.18(A) of the Manual.

102.01B of the Manual include the size requirements for all newly-listed operating companies. In the case of companies listing CVRs, Section 102.01B would require the company to have an aggregate market value of publicly held shares of \$100 million<sup>15</sup> and a \$4.00 stock price.

As for the requirement for the issuer of the CVR to also meet one of the standards set forth in Section 102.01C of the Manual, that section sets forth two financial standards, the Earnings Test and the Global Market Capitalization Test. The Global Market Capitalization Test, which was adopted subsequent to the approval of Section 703.18 of the Manual, requires that an issuer have \$200 million in global market capitalization at the time of listing, but includes no earnings criteria.<sup>16</sup> In its proposal, the Exchange stated that it 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.<sup>17</sup> According to the Exchange, most issuers currently qualify for listing on the Exchange pursuant to the Global Market Capitalization Test.<sup>18</sup> The Earnings Test under Section 102.01C would require the issuer of a CVR to have an aggregate amount of pre-tax earnings over its last three fiscal years and specified amounts during the last two most recent fiscal years.<sup>19</sup>

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<sup>15</sup> As noted by the Exchange, this is the same requirement that currently applies to companies transferring from another national securities exchange. See Notice, supra note 3, at 21862.

<sup>16</sup> See Section 102.01C(II) of the Manual.

<sup>17</sup> See Notice, supra note 3, at 21862.

<sup>18</sup> See id.

<sup>19</sup> See Section 102.01C(I) of the Manual. The Earnings Test requires that, subject to certain specified exclusions and adjustments, an issuer have pre-tax earnings from continuing operations of: (1) at least \$10,000,000 in the aggregate for the last three fiscal years, at least \$2,000,000 in each of the last two fiscal years, and a positive amount in each of the last three fiscal years; or (2) at least \$12,000,000 in the aggregate for the last three fiscal years, at least \$5,000,000 in the most recent fiscal year, and at least \$2,000,000 in the next most recent fiscal year.

Pursuant to the amended proposed rule change, the Exchange will not list a CVR if, at the time of the proposed listing, the issuer of the CVR has been deemed to be below compliance on an ongoing basis with the listing standards of the national securities exchange where either the equity security to whose price performance a Price-Based CVR is linked or the issuer's common stock is listed.<sup>20</sup> The amended proposed rule change will also require the issuer of an Event-Based CVR to make public disclosure, in accordance with the provisions of Sections 202.05 and 202.06 of the Manual, upon the occurrence of any event that must occur as a condition to the issuer's obligation to make a cash payment with respect to the CVR (or if such an event is deemed to have occurred pursuant to the terms of the documents governing the CVR) or at any such time as it becomes clear that a condition to the cash payment with respect to the CVR has not been met as required by the documents governing the terms of the CVR.<sup>21</sup>

Currently, Section 703.18 of the Manual also 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 Price-Based CVRs and Event-Based CVRs and 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 also be delisted when the issuer's common stock ceases to be listed on a national securities exchange.<sup>22</sup> Pursuant to the proposed rule change, if either the related equity security to which the cash payment at maturity is tied or the common stock of a CVR issuer ceases to be listed on a national securities exchange, the CVR will promptly be delisted and the Exchange will not have discretion to continue listing

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<sup>20</sup> See Amendment No. 1.

<sup>21</sup> See id.

<sup>22</sup> See id.

the CVR.<sup>23</sup>

Finally, the Exchange proposes to update a reference in Section 703.18 of the Manual 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 information circular form description contained in Section 703.18 of the Manual. The Exchange represents that it intends to issue an information circular as described in Section 703.18 of the Manual immediately prior to the listing of any CVR, including any Event-Based CVR to inform members and member organizations of the special characteristics and risks of CVRs, as well as the suitability requirements and other applicable rules.<sup>24</sup>

The Exchange further represents that it 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.<sup>25</sup> The Exchange also states that it 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.<sup>26</sup>

### III. Discussion and Commission Findings

The Commission finds that the proposed rule change, as modified by Amendment No. 1, is consistent with the requirements of the Act and the rules and regulations thereunder applicable

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<sup>23</sup> See Notice, supra note 3, at 21862; Amendment No. 1.

<sup>24</sup> See Notice, supra note 3, at 21862.

<sup>25</sup> See id.

<sup>26</sup> See id.

to a national securities exchange and, in particular, the requirements of Section 6(b) of the Act and the rules and regulations thereunder. Specifically, the Commission finds that the proposal is consistent with Section 6(b)(5) of the Act,<sup>27</sup> which requires that an exchange have rules designed to, among other things, prevent fraudulent and manipulative acts and practices, remove impediments to and perfect the mechanisms of a free and open market and a national market system, protect investors and the public interest, and not permit unfair discrimination between customers, issuers, brokers, or dealers.<sup>28</sup>

The development and enforcement of adequate standards governing the initial and continued listing of securities on an exchange is an activity of critical importance to financial markets and the investing public. Listing standards, among other things, serve as a means for an exchange to screen issuers and to provide listed status only to bona fide companies that have or will have sufficient public float, investor base, and trading interest to provide the depth and liquidity necessary to promote fair and orderly markets. Meaningful listing standards are especially important given the expectations of investors regarding the nature of securities that have achieved an exchange listing and the role of an exchange in overseeing and assuring compliance with its listing standards. Once a security has been approved for initial listing, maintenance criteria allow an exchange to monitor the status and trading characteristics of that issue to ensure that it continues to meet the exchange's standards for market depth and liquidity so that fair and orderly markets can be maintained.

CVRs are typically used as consideration offered to the shareholders of the target company in a business combination transaction, such as a merger or an exchange offer. As

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<sup>27</sup> 15 U.S.C. 78f(b)(5).

<sup>28</sup> In approving this proposed rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

described above, the Exchange has proposed to adopt listing standards for Event-Based CVRs as well as modify the standards currently applicable to Price-Based CVRs. CVRs have unique characteristics that combine features of debt, equity, and securities derivative instruments.<sup>29</sup> The Commission believes that the Exchange's proposal to establish listing criteria for Event-Based CVRs should adequately address the unique concerns raised by the listing of such securities and should help to ensure that only substantial companies capable of meeting their financial obligations can list such CVRs on the Exchange, thereby protecting investors and the public interest consistent with the Act. The Commission further believes that, for many of the same reasons as noted for Event-Based CVRs, the Exchange's proposed revisions to its current listing criteria applicable to Price-Based CVRs are consistent with the Act and the protection of investors. The proposal, as discussed below, should also aid the Exchange in maintaining fair and orderly markets for CVRs and preventing fraudulent and manipulative acts and practices.

The Exchange's proposed quantitative listing standards should help to ensure that only substantial companies capable of meeting their financial obligations issue Event-Based CVRs.<sup>30</sup> This is important in light of the contingent financial obligations created by these instruments, and should serve to protect investors and the public interest by ensuring that the companies listing Event-Based CVRs on the Exchange are of substantial size, which can help to indicate such companies have sufficient financial means to meet their settlement obligations. Specifically, an issuer of an Event-Based CVR must have assets in excess of \$100 million, \$100 million in

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<sup>29</sup> See Securities Exchange Act Release No. 28072 (May 30, 1990), 55 FR 23166 (June 6, 1990) (SR-NYSE-90-15) (order approving original listing standards for CVRs on the Exchange).

<sup>30</sup> An issuer must also comply with the corporate governance requirements of either the Exchange or the national securities exchange where its common stock or equity security is listed.

market value of publicly-held shares,<sup>31</sup> a price per share of at least \$4.00,<sup>32</sup> and \$200 million in global market capitalization at the time of listing or, in the alternative, it meets the Earnings Test in Section 102.01C of the Manual.<sup>33</sup> Taken together, the Commission believes these criteria are important for an issuer to meet to in order to list an Event-Based CVR on the Exchange, as well as for the listing of Price-based CVRs. In addition, as with Price-Based CVRs, an Event-Based CVR issue must have at least one million CVRs outstanding, at least 400 holders, a minimum life of one year, and at least \$4 million market value.<sup>34</sup> While the distribution and liquidity standards applicable to CVRs can help to ensure there should be adequate depth, liquidity, and investor interest to support an exchange listing, the issuer requirements will provide some minimum level of indicia that the issuer of a CVR should be able to meet any future payment obligations to shareholders of Event-Based, as well as Price-Based, CVRs pursuant to the applicable CVR agreement.

The Commission recognizes that the current quantitative standards for Price-Based CVRs require the company issuing the CVR to meet the NYSE earnings requirements in order to list a CVR. While earnings at the time of listing of a CVR can provide an indication that a company should be able to meet its financial obligations on the CVR in the future, the Commission recognizes that earnings may not necessarily be the only indicia that illustrates that a company can meet its obligations under the terms of the CVR. Given that most listed companies now initially list on the Exchange using the Global Market Capitalization Test, that the Commission has found that such standards are consistent with the Act, and that the Exchange is retaining the

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<sup>31</sup> See Section 102.01B of the Manual.

<sup>32</sup> See id.

<sup>33</sup> See Section 102.01C of the Manual. See also supra note 19 (describing the requirements of the Earnings Test); proposed Section 703.18(A) of the Manual.

<sup>34</sup> See Section 703.18(B) of the Manual.

requirement that the issuer of a CVR have assets in excess of \$100 million and must meet the requirements set forth in Section 102.01B of the Manual,<sup>35</sup> the Commission believes it is reasonable for the Exchange to allow CVRs to be listed by companies that meet these new requirements.

The Exchange also will not list a CVR if, at the time of the proposed listing, the issuer of the CVR has been deemed to be below compliance on an ongoing basis with the listing standards of the national securities exchange where either the equity security to whose price performance a Price-Based CVR is linked or the issuer's common stock is listed.<sup>36</sup> The Commission believes that this is consistent with the protection of investors and the public interest pursuant to Section 6(b)(5) of the Act in that it would not permit a CVR to be listed on the Exchange if the listed company was below compliance, and therefore, potentially subject to delisting, on the national securities exchange where its common stock, or equity security linked to the CVR, was listed.<sup>37</sup> Finally, as with Price-Based CVRs, Event-Based CVRs may be delisted when the aggregate market value of the publicly-held CVR is less than \$1,000,000 and will be promptly delisted if either the related equity security to which the cash payment at maturity is tied<sup>38</sup> or the issuer's

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<sup>35</sup> See text accompanying supra notes 14-15 (describing these requirements as applicable to CVRs).

<sup>36</sup> See Amendment No. 1. The issuer of a CVR also has to comply with the corporate governance requirements of the national securities exchange where its common stock or equity security is listed. An issuer of a CVR may not be below compliance with these corporate governance standards (as well as the quantitative continued listing standards) for its common stock or equity security on the national securities exchange where such security is listed at the time of the listing of the CVR. This should provide additional protections for investors in both Event-Based and Price-Based CVRs.

<sup>37</sup> This is similar to existing listing requirements for other types of securities. See, e.g., Sections 102.07 (listing standards for Equity Investment Tracking Stocks) and 102.08 (listing standards for Subscription Receipts) of the Manual.

<sup>38</sup> The Commission notes that the reference in this delisting provision to the related equity security to which the cash payment at maturity is tied applies primarily to Price-Based

common stock ceases to be listed on a national securities exchange.<sup>39</sup> The Commission believes this latter requirement is important and consistent with the protection of investors and the public interest in that it ensures that the issuer of a CVR is meeting the continued quantitative and qualitative listing standards of a national securities exchange on an ongoing basis while the CVR is traded on the Exchange.

In addition, the proposed rule change would require that, prior to listing a Price-Based or Event-Based CVR, an issuer be required to publicly disclose all material terms of the CVR.<sup>40</sup> The proposed rule change would also require the issuer of an Event-Based CVR to make public disclosure upon the occurrence of any event that must occur as a condition to the issuer's obligation to make a cash payment with respect to the CVR (or if such an event is deemed to have occurred pursuant to the terms of the documents governing the CVR) or at any such time as it becomes clear that a condition to the cash payment with respect to the CVR has not been met as required by the documents governing the terms of the CVR.<sup>41</sup> The Commission believes that these disclosure requirements should help to protect investors and the public interest by ensuring that investors have sufficient information to make investment decisions relating to CVRs. The Commission further believes that the requirement to publicly disclose whether a specified event has occurred or failed to occur should help to protect investors and prevent fraudulent manipulative acts and practices by ensuring that investors and market participants will have access to important information needed to trade, and make investment decisions in, the CVRs and that such information will be publicly available to all investors at the same time.

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CVRs since an Event-Based CVR is tied to an event rather than the market price of another listed equity security.

<sup>39</sup> See Section 703.18 of the Manual; Amendment No. 1.

<sup>40</sup> See Amendment No. 1.

<sup>41</sup> See id.

Notification to the Exchange, as required by Section 202.06 of the Manual, will also provide the Exchange with the information necessary for it to determine whether a temporary trading halt may be appropriate for an Event-Based or Price-Based CVR in order to ensure fair and orderly markets.<sup>42</sup>

Under the Exchange's proposal, Event –based CVRs are defined as an unsecured obligation of the issuer providing for a possible cash payment upon the occurrence of a specified event or events related to the business of the issuer or an affiliate of the issuer. The Commission believes that requiring that the CVR to be related to the business of the issuer or an affiliate of the issuer is an essential requirement that ensures that the company will have the information necessary to determine if the required events have occurred or not occurred within any required time frames under the terms of the CVR and make timely required public disclosure.<sup>43</sup>

Moreover, the Exchange's proposed rule for listing Event-Based CVRs also addresses the additional regulatory concerns raised by these products. Like other financial products with unique features trading on the Exchange, Event-Based CVRs combine features of debt, equity, and securities derivative instruments. Consequently, this product may be more complex than straight stock, bond, or equity warrants. In this filing, the Exchange has proposed to distribute an information circular apprising member firms of the special characteristics, risks, and suitability obligations associated with Event-Based CVRs.<sup>44</sup> The Commission believes distribution of this

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<sup>42</sup> Section 202.06 of the Manual, among other things, requires notification by listed companies to the Exchange at least 10 minutes before a material news announcement if such announcement is made between 7:00 am and 4:00 pm so the Exchange can consider whether trading in the security should be temporarily halted.

<sup>43</sup> The Commission notes that under the Exchange's rules, Price-Based CVRs are similarly related to the performance of an affiliate's equity security.

<sup>44</sup> See Notice, supra note 3, at 21862; infra, note 45. See also proposed Section 703.18 of the Manual.

information circular will help to alert members to the special disclosure and suitability obligations that apply to Event-Based CVRs and that are relevant in making recommendations for investors to purchase such securities.<sup>45</sup>

The Exchange will also monitor activity in 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 Event-Based CVRs alongside the common equity securities of the issuer or its affiliates, as applicable. Since news and information concerning a company and its primary equity security or common stock can have an impact on the company's Event-Based CVRs, this enhanced surveillance should help to monitor the trading activity in the Event-Based CVRs.<sup>46</sup> To the extent the common equity security is traded on another national securities exchange, these procedures are expected to ensure proper coordination. The Commission believes that these safeguards and standards should help to ensure that the listing, and continued listing, of any Event-Based CVRs on the Exchange (as well as Price-Based CVRs under the revised listing standards) will be consistent with investor protection, the public interest, and the maintenance of fair and orderly markets. In this regard, the Commission expects the Exchange

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<sup>45</sup> In particular, the circular states, among other things, that it is suggested that transactions in CVRs be recommended only to investors whose accounts have been approved for options trading and that members making recommendations in CVRs should make a determination that the customer has such knowledge and experience in financial matters that the customer may reasonably be expected to be capable of evaluating the risks and special characteristics, and is financially able to bear the risks, of a recommendation to invest in CVRs. These requirements, among others set forth in the circular, should help to ensure that members recommend transactions only to those customers with an understanding of the risks attendant to the trading of Event-Based CVRs. The Commission notes that the information circular will be in the same form as the one the Exchange currently distributes in connection with Price-Based CVRs. See proposed Section 703.18 of the Manual.

<sup>46</sup> As noted above, the Exchange will also rely on its existing trading surveillances, administered by the Exchange or FINRA on behalf of the Exchange, which are designed to detect violations of Exchange rules and applicable federal securities laws.

to thoroughly review any potential listing of Event-Based CVRs, as well as Price-Based CVRs, to ensure that its listing standards have been met and continue to be met, as well as to monitor trading in the Event-Based and Priced-Based CVRs and related common stock or equity security of the issuer.

Based on the above, the Commission believes the proposed rule change is reasonable and should provide for the listing of Event-Based CVRs, with baseline investor protection and other standards. The Commission believes, as discussed above, that the Exchange has developed sufficient standards to allow the listing of Event-Based CVRs on the Exchange and finds the proposal consistent with the requirements set forth under the Act, and in particular, Section 6(b)(5). For similar reasons, the Commission finds that the revised standards for Price-Based CVRs are also consistent with the Act.<sup>47</sup>

#### IV. Solicitation of Comments on Amendment No. 1 to the Proposed Rule Change

Interested persons are invited to submit written data, views, and arguments concerning whether Amendment No. 1 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](mailto:rule-comments@sec.gov). Please include File Number SR-NYSE-2019-14 on the subject line.

##### Paper Comments:

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<sup>47</sup> 15 U.S.C. 78s(b)(4) and (b)(5). The Commission further believes that the Exchange's proposal to update a reference in the rule text and make other conforming changes to Section 703.18 of the Manual is consistent with the Act in that it will enhance the clarity of the proposed rule and thereby reduce potential investor confusion.

- 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].

V. Accelerated Approval of Proposed Rule Change, as Modified by Amendment No. 1

The Commission finds good cause to approve the proposed rule change, as modified by Amendment No. 1, prior to the thirtieth day after the date of publication of notice of the filing of Amendment No. 1 in the Federal Register. As discussed above, in Amendment No. 1, the Exchange revised the proposal to: (1) require public disclosure of all material terms of a CVR

prior to listing; (2) require public disclosure of an occurrence of any event or events upon which a CVR payment is conditioned, or the failure of such event or events to occur, in accordance with Sections 202.05 and 202.06 of the Manual; (3) specify that the Exchange will not list a CVR if, at the time of the proposed listing, the issuer is below compliance with applicable listing standards; (4) state that, in addition to its original proposal to promptly delist any CVR when the issuer's common stock ceases to be listed on a national securities exchange, the Exchange will also promptly delist a CVR when the related equity security to which the cash payment at maturity is tied is no longer listed on a national security exchange; and (5) make technical, clarifying changes.

The Commission believes that Amendment No. 1 does not raise any novel regulatory issues or make any significant substantive changes to the original proposal, which was subject to a full notice and comment period during which no comments were received. Rather, Amendment No. 1 strengthens the original proposal by requiring additional public disclosure of important information in connection with an Exchange-listed CVR, which will increase transparency to investors in CVRs and provide the Exchange with the information necessary to determine when a temporary trading halt in an Event-Based CVR may be appropriate in order to better maintain a fair and orderly market. Amendment No. 1 also provides additional specificity regarding the circumstances in which the Exchange will not permit the listing of a CVR, or will delist a CVR, which will provide additional protections for potential investors in CVRs. The Commission also believes that Amendment No. 1 provides additional accuracy, clarity, and justification to the proposal, thereby facilitating the Commission's ability to make the findings set forth above to approve the proposal. Accordingly, the Commission finds good cause,

pursuant to Section 19(b)(2) of the Act,<sup>48</sup> to approve the proposed rule change, as modified by Amendment No. 1, on an accelerated basis.

VI. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,<sup>49</sup> that the proposed rule change (SR-NYSE-2019-14), as modified by Amendment No. 1, be, and hereby is, approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>50</sup>

Jill M. Peterson,  
Assistant Secretary.

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<sup>48</sup> 15 U.S.C. 78s(b)(2).

<sup>49</sup> 15 U.S.C. 78s(b)(2).

<sup>50</sup> 17 CFR 200.30-3(a)(12).

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