

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-102753; File No. SR-NYSE-2025-07]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Commentary .03 to Rule 7.19

April 1, 2025.

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (“Act”)² and Rule 19b-4 thereunder,³ notice is hereby given that on March 24, 2025, 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 Commentary .03 to Rule 7.19 regarding the availability of pre-trade risk controls to Floor brokers. The proposed rule change is available on the Exchange’s website at www.nyse.com, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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

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

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 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

The Exchange proposes to amend Commentary .03 to Rule 7.19 regarding the availability of pre-trade risk controls to Floor brokers.

Paragraph (a) of Commentary .03 to Rule 7.19 currently provides that with respect to a Floor broker's trading activity on the Exchange on behalf of a customer that is a member organization, both the Floor broker and the member organization may set certain Pre-Trade Risk Controls and Kill Switch Actions⁴ if the Floor broker places the order using the member organization's MPID. Apart from that narrow case, a Floor broker may only set the Pre-Trade Risk Controls described in Rule 7.19 when the Floor broker itself is identified as the "Entering Firm" – i.e., when the Floor broker uses its own MPID.⁵

The Exchange plans to make a technological change that would remove the ability of a Floor broker to set any Pre-Trade Risk Controls or Kill Switch Actions for its trading activity on the Exchange on behalf of a member organization customer when using the member organization's MPID. Such member organization would still have the ability to set risk controls itself as the "Entering Firm" with respect to such orders (as well as orders that the member organization sends directly to the Exchange). A Floor broker would retain the ability to set risk

⁴ Specifically, the Pre-Trade Risk Controls in paragraphs (b)(1)(A) and (b)(2)(A) or Kill Switch Actions in paragraph (h).

⁵ The term "Entering Firm" is defined in Rule 7.19.

controls as the “Entering Firm” for order flow when the Floor broker uses its own MPID.

Accordingly, the Exchange proposes to amend paragraph (a) of Commentary .03 to provide:

(a) [Regarding a Floor broker’s trading activity on the Exchange on behalf of a customer that is a member organization (“Customer”), either the Floor broker or the Customer may identify itself as the “Entering Firm” for purposes of setting the Pre-Trade Risk Controls in paragraphs (b)(1)(A) and (b)(2)(A) or Kill Switch Actions. For the other Pre-Trade Risk Controls described in this rule, the Floor broker must be identified as the “Entering Firm.”] A Floor broker may only set the Pre-Trade Risk Controls and Kill Switch Actions described in this rule as an “Entering Firm” for orders it places using its own MPID.

The Exchange proposes no other changes to Rule 7.19 or its Commentary.

Continuing Obligations of Member Organizations Under Rule 15c3-5

The proposed Pre-Trade Risk Controls described here are meant to supplement, and not replace, the member organizations’ own internal systems, monitoring, and procedures related to risk management. The Exchange does not guarantee that these controls will be sufficiently comprehensive to meet all of a member organization’s needs, the controls are not designed to be the sole means of risk management, and using these controls will not necessarily meet a member organization’s obligations required by Exchange or federal rules (including, without limitation, the Rule 15c3-5 under the Act⁶ (“Rule 15c3-5”)). Use of the Exchange’s Pre-Trade Risk Controls will not automatically constitute compliance with Exchange or federal rules and

⁶ See 17 CFR 240.15c3-5.

responsibility for compliance with all Exchange and SEC rules remains with the member organization.⁷

Timing and Implementation

The Exchange anticipates implementing the proposed change in the second quarter of 2025 and, in any event, will implement the proposed rule change no later than the end of third quarter of 2025. The Exchange will announce the timing of such changes by Trader Update.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,⁸ in general, and furthers the objectives of Section 6(b)(5) of the Act,⁹ in particular, because it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest, and because it is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that the proposed revision of paragraph (a) of Commentary .03 will remove impediments to and perfect the mechanism of a free and open market and a national market system by simplifying the applicability of Pre-Trade Risk Controls and Kill Switch

⁷ See also Commentary .01 to Rule 7.19, which provides that “[t]he pre-trade risk controls described in this Rule are meant to supplement, and not replace, the member organization’s own internal systems, monitoring and procedures related to risk management and are not designed for compliance with Rule 15c3-5 under the Exchange Act. Responsibility for compliance with all Exchange and SEC rules remains with the member organization.”

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(5).

Actions to Floor broker trading activity on the Exchange on behalf of member organizations. Currently, such Pre-Trade Risk Controls and Kill Switch Actions may be set by both the member organization itself and by the Floor broker. The Exchange believes that a more streamlined approach would be for the member organization to be the sole entity with the ability to set “Entering Firm” risk controls with respect to its orders that are placed by Floor brokers. As noted above, a Floor broker would retain the ability to set “Entering Firm” risk controls for order flow when the Floor broker uses its own MPID.

The Exchange believes that the proposed rule change does not unfairly discriminate among market participants. Commentary .03 applies only to the ability of a Floor broker to set Pre-Trade Risk Controls and Kill Switch Actions for its trading activity on the Exchange on behalf of member organizations, and the proposed change would apply equally to all Floor brokers. Further, use of the Pre-Trade Risk Controls and Kill Switch Actions described in the rule is optional and is not a prerequisite for participation on the Exchange.

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 rule change does not address competition, but rather streamlines the applicability of Pre-Trade Risk Controls and Kill Switch Actions to Floor broker trading activity on the Exchange on behalf of a member organization, by making the member organization the sole entity with the ability to set risk controls as an “Entering Firm” with respect such orders entered using the member organization’s MPID. The proposed rule change would apply equally to all Floor brokers.

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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act¹⁰ and Rule 19b-4(f)(6) thereunder.¹¹ Because the 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 prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6)(iii) thereunder.¹²

At any time within 60 days of the filing of such 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. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B)¹³ of the Act to determine whether the proposed rule change should be approved or disapproved.

¹⁰ 15 U.S.C. 78s(b)(3)(A)(iii).

¹¹ 17 CFR 240.19b-4(f)(6).

¹² 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

¹³ 15 U.S.C. 78s(b)(2)(B).

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. Please include file number SR-NYSE-2025-07 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-2025-07. 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-NYSE-2025-07 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.¹⁴

Sherry R. Haywood,

Assistant Secretary.

¹⁴ 17 CFR 200.30-3(a)(12).