

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-103742; File No. SR-NYSE-2025-28]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing of Proposed Rule Change of Amendments to Rule 7.35A and Rule 7.35C

August 19, 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 August 5, 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 amendments to Rule 7.35A (DMM-Facilitated Core Open and Trading Halt Auctions) and Rule 7.35C (Exchange-Facilitated Auctions) to enhance reference price calculations for Core Open and Trading Halt Auctions conducted by Designated Market Makers and the Exchange. The proposed rule change is available on the Exchange’s website at www.nyse.com and at the principal office of the Exchange.

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

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 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 Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes amendments to Rule 7.35A (DMM-Facilitated Core Open and Trading Halt Auctions) and Rule 7.35C (Exchange-Facilitated Auctions) to enhance reference price calculations for Core Open and Trading Halt Auctions conducted by Designated Market Makers ("DMM") and the Exchange.

The proposed changes would reflect an augmented calculation of the reference price for opening and trading halt auctions conducted on the Exchange that more accurately reflects price movements in a dynamic market environment, thereby promoting greater transparency in the auction process and the Exchange's marketplace.

Specifically, the reference price for opening auctions would reflect a cascading calculation to be called the "Opening Reference Price" that would consider the price of the last consolidated trade of at least one round lot of that trading day or, if there were no such trades, the midpoint of the Auction NBBO or, if the Auction NBBO is locked, the locked price, or if there is no Auction NBBO, for the initial calculation, the prior trading day's Official Closing Price. Each subsequent calculation would then utilize the most recent Opening Reference Price. As proposed, Opening Reference Price calculations would be based on an evaluation of the period

since the last calculation of the Opening Reference Price and would exclude trades on Trade Reporting Facilities during the Early Trading Session or Late Trading Session, thus providing for a more accurate snapshot of the current market. For reopening auctions, the reference price would similarly be based on a dynamic calculation to be called the “Trading Halt Reference Price” that would consider the price of the last consolidated trade of at least one round-lot of that trading day and, if none, the prior trading day's Official Closing Price. Trading Halt Reference Price calculations would also exclude trades on Trade Reporting Facilities during the Early Trading Session or Late Trading Session.

The Exchange also proposes that for both the Core Open and Trading Halt Auctions, the Opening Reference Price and the Trading Halt Reference Price, as applicable, would be used to determine whether there is a price disparity and whether to publish a pre-opening indication for securities that have limited publicly-available pricing information available. Similarly, the proposed Opening Reference Price and the Trading Halt Reference Price, as applicable, would be used as the Imbalance Reference Price for the Core Open and Trading Halt Auctions. The Opening Reference Price and the Trading Halt Reference Price would also be used for Core Open Auctions and certain Trading Halt Auctions conducted by the Exchange.

The Exchange believes the proposed enhancements to the calculations of the benchmarks for auctions on the Exchange would better reflect more recent trading activity, and such price may reflect a more recent valuation for a security with which to assess whether an Auction Price would be at a price disparity and whether a security should be indicated, to the benefit of investors.

Background

Rule 7.35A sets forth the process for DMM-facilitated Core Open Auctions and Trading

Halt Auctions. Rule 7.35A(a) sets forth both the DMM and Floor broker responsibilities for the opening and reopening of securities, and specifically provides that it is the responsibility of each DMM to ensure that registered securities open as close to the beginning of Core Trading Hours as possible or reopen at the end of the halt or pause, while at the same time not unduly hasty, particularly when at a price disparity from the Consolidated Last Sale Price, which means the Official Closing Price of a security prior to the beginning of Core Trading Hours, which may be the prior closing price on the Exchange.⁴

Rule 7.35A(a)(4) provides that Trading Officials participate in the opening and reopening process to provide an impartial professional assessment of unusual situations, as well as to provide guidance with respect to pricing when a significant disparity in supply and demand exists. Rule 7.35A(a)(4) provides that DMMs should consult with a Trading Official under specified circumstances, including if it is anticipated that the opening or reopening price will be at a significant disparity from the Consolidated Last Sale Price for such security.⁵

Rule 7.35A(c)(1) provides that, except under the conditions of Rules 7.35A(c)(2) and (c)(3), a DMM may not effect a Core Open or Trading Halt Auction electronically under the conditions specified in subparagraphs (A) - (H) of Rule 7.35A. In particular, under subparagraph (F), the DMM could not effect a Core Open or Trading Halt Auction where there is no Consolidated Last Sale Price. Under subparagraph (G), the DMM would be constrained where the Core Open Auction Price will be more than 10% away from the Consolidated Last Sale

⁴ Pursuant to Rule 7.35(a)(12)(A), the term “Consolidated Last Sale Price” means the most recent consolidated last-sale eligible trade in a security during Core Trading Hours on that trading day, and if none, the Official Closing Price from the prior trading day for that security.

⁵ See Rule 7.35A(a)(4)(B).

Price, while under subparagraph (H) where the Trading Halt Auction Price will be more than 5% away from the Consolidated Last Sale Price.

Rule 7.35A(d) provides that a pre-opening indication would include the security and the price range within which the Auction Price is anticipated to occur and that a pre-opening indication would be published via the securities information processor and proprietary data feeds. Rule 7.35A(d)(2) addresses Indication Reference Prices, and provides that the Indication Reference Price for a security, other than an American Depositary Receipt (“ADR”), would be, among others, the security’s last Official Closing Price on the Exchange, adjusted as applicable based on the publicly disclosed terms of a corporate action,⁶ or the security’s offering price in the case of an IPO.⁷

Rule 7.35A(d)(2)(B) provides that the Indication Reference Price for an ADR would be, among others, the closing price of the security underlying the ADR in the primary foreign market for such security when the trading day of the primary foreign market concludes after trading on the Exchange for the previous day has ended.⁸

Rule 7.35A(d)(2)(C) provides that the Indication Reference Price for reopening a security following a halt would be the Exchange Last Sale Price.

Rule 7.35A(e) specifies Auction Imbalance Information for the Core Open and Trading Halt Auctions. Rule 7.35A(e)(1)(D) provides that the Exchange would not disseminate Auction Imbalance Information for the Core Open Auction or Trading Halt Auction if there is no Consolidated Last Sale Price.

⁶ See Rule 7.35A(d)(2)(A)(i).

⁷ See Rule 7.35A(d)(2)(A)(ii).

⁸ See Rule 7.35A(d)(2)(B)(i).

Rule 7.35A(e)(3) specifies how the Imbalance Reference Price would be determined and provides that the Imbalance Reference Price for the Auction Imbalance Information would be the Consolidated Last Sale Price unless a pre-opening indication has been published, in which case the Imbalance Reference Price would be:

- the pre-opening indication bid price if the Consolidated Last Sale Price is lower than the bid price of the pre-opening indication;
- the pre-opening indication offer price if the Consolidated Last Sale Price is higher than the offer price of the pre-opening indication; or
- the Consolidated Last Sale Price if it is at or between the pre-opening indication bid and offer price.⁹

Rule 7.35C provides for how the Exchange would facilitate an Auction if a DMM cannot facilitate the opening or closing of trading. Rule 7.35C(b) sets forth definitions applicable to Rule 7.35C. Rule 7.35C(b)(1) defines the term “Auction Reference Price,” which is used by the Exchange for purposes of calculating the Indicative Match Price and Auction Collars. For Exchange-facilitated Auctions, the Exchange determines an Auction Price based on the Indicative Match Price for a security, which is bound by Auction Collars.¹⁰

Rule 7.35C(b)(1) specifies the Auction Reference Price used for determining Auction Collars for Exchange-facilitated Core Open Auctions. Currently, the Auction Reference Price for the Core Open Auction is the midpoint of the Auction NBBO or, if the Auction NBBO is locked, the locked price. If there is no Auction NBBO, it would be the Official Closing Price from the prior trading day. The Auction Reference Price for the Trading Halt Auction is, except

⁹ See Rules 7.35A(d)(3)(A)-(C).

¹⁰ See Rule 7.35C(b)(2).

as provided for in Rule 7.35C(e)(1), the Imbalance Reference Price as determined under Rule 7.35A(e)(3). The Auction Reference Price for the Closing Auction is the Imbalance Reference Price as determined under Rule 7.35B(e)(3). Finally, the Auction Reference Price for IPO Auctions would be a price determined under Rule 1.1(u)(1)(F).¹¹

Proposed Rule Change

The Exchange proposes to refine the reference price calculations it utilizes for Core Open and Trading Halt Auctions and replace the Consolidated Last Sale Price as the current benchmark. To reflect the enhanced calculations and effectuate these changes, the Exchange proposes new definitions of “Opening Reference Price” and a “Trading Halt Reference Price” for Rule 7.35A that would likely reflect a more recent valuation information for a security to assess various aspects of the auction process on the Exchange, including how to measure whether the opening or reopening would be at a price disparity. Similarly, the Exchange proposes that the Opening Reference Price would be used to calculate the Auction Reference Price for Core Open Auctions during Exchange-facilitated auctions pursuant to Rule 7.35C.

As proposed, “Opening Reference Price” would mean

- the price of the last consolidated trade of at least one round lot of that trading day or,
- if there were no such trades, the midpoint of the Auction NBBO or,
- if the Auction NBBO is locked, the locked price, or
- if there is no Auction NBBO, for the initial calculation, the prior trading day’s Official Closing Price; for each subsequent calculation, the most recent Opening Reference Price.

¹¹ The current Rule refers to Rule 1.1(s)(1)(F). The Exchange proposes to correct the reference.

Opening Reference Price calculations would be based on an evaluation of the period since the last calculation of the Opening Reference Price and exclude trades on Trade Reporting Facilities (“TRF”) during the Early Trading Session (“ETS”) or Late Trading Session (“LTS”), which may not reflect the actual market in a security.

In addition, “Trading Halt Reference Price” would mean the price of the last consolidated trade of at least one round-lot of that trading day and, if none, the prior trading day's Official Closing Price. Trading Halt Reference Price calculations would similarly exclude TRF trades during the ETS or LTS.

The Exchange would replace Consolidated Last Sale with Opening Reference Price for an opening and Trading Halt Reference Price for a reopening, as applicable, in Rule 7.35A(a), governing DMM and Floor broker responsibilities, and Rule 7.35A(a)(4)(B), governing circumstances where a DMM should consult a Trading Official, both of which address assessments of whether an Auction Price would be at a price disparity.

Similarly, the Exchange would replace Opening Reference Price for an Opening or Trading Halt Reference Price for a reopening, as applicable, in Rule 7.35A(c)(1)(F)-(G), governing the conditions under which a DMM may not effect a Core Open or Trading Halt Auction electronically. In the condition set forth in Rule 7.35A(c)(1)(H), the Exchange would replace Consolidated Last Sale with Trading Halt Reference Price.

For the Indication Reference Price for pre-opening indications governed by Rule 7.35A(d), the Exchange would replace last Official Closing Price on the Exchange with Opening Reference Price in Rule 7.35A(d)(2)(A)(i). The Exchange would also delete the clause “adjusted as applicable based on the publicly disclosed terms of a corporate action” following last Official

Closing Price as unnecessary.¹² Further, the Opening Reference Price would replace “closing price of the security underlying the ADR in the primary foreign market for such security when the trading day of the primary foreign market concludes after trading on the Exchange for the previous day has ended” as one of the ways to determine the Indication Reference Price for ADRs in Rule 7.35A(d)(2)(B)(i).

Finally, the Indication Reference Price for reopening a security following a halt under Rule 7.35A(d)(2)(C) would be Trading Halt Reference Price, replacing Exchange Last Sale Price.

For the Imbalance Reference Price under Rule 7.35A(e), the Exchange proposes not to disseminate Auction Imbalance Information for the Core Open Auction if there is no Opening Reference Price and for a Trading Halt Auction if there is no Trading Halt Reference Price, replacing Consolidated Last Sale Price.

The determination of the Imbalance Reference Price for the Core Open Auction under Rule 7.35A(e)(3) would be the Opening Reference Price unless a pre-opening indication has been published, in which case the Imbalance Reference Price would be the Opening Reference Price bounded by the pre-opening indication prices. For a Trading Halt Auction, the Imbalance Reference Price for the Auction Imbalance Information would be the Trading Halt Reference Price unless a pre-opening indication has been published, in which case the Imbalance Reference Price will be the Trading Halt Reference Price bounded by the pre-opening indication prices.

Finally, the Exchange proposes to replace the existing text for the Auction Reference Price for Core Open Auction with “Opening Reference Price as determined under Rule

¹² The Exchange notes that the definition of the Official Closing Price in Rule 1.1(u)(6) provides that such a price may be adjusted to reflect corporate actions or a correction to a closing price, as disseminated by the primary listing market for the security.

7.35A(a).”

Because of the technology changes associated with the proposed changes, the Exchange proposes to announce the implementation date of these changes by Trader Update. Subject to approval of this proposed rule change, the Exchange anticipates that such changes will be implemented before the end of the fourth quarter of 2025.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,¹³ in general, and furthers the objectives of Section 6(b)(5) of the Act,¹⁴ in that 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 facilitating transactions in securities, to remove impediments to and perfect the mechanisms 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 proposed changes to Rule 7.35A and Rule 7.35C to reflect an enhanced calculation of the reference price for opening and trading halt auctions conducted by DMMs or the Exchange would more accurately reflect price movements in a dynamic market environment, thereby promoting transparency and removing impediments to and perfecting the mechanisms of a free and open market and a national market system. As noted above, the Exchange would replace the static measures of Consolidated Last Sale Price or Official Closing Price from the prior trading day as the reference price for openings and reopenings in favor of a dynamic

¹³ 15 U.S.C. 78f(b).

¹⁴ 15 U.S.C. 78f(b)(5).

formula that would consider more recent trading activity of the impacted security in addition to the most recent closing activity. The proposed Opening Reference Price and Trading Halt Reference Price would be used to determine whether there is a price disparity and whether to publish a pre-opening indication for securities that have limited publicly-available pricing information available. The Exchange believes the proposed enhancements would better reflect more recent trading activity on another exchange, and such price may reflect a more recent valuation for a security with which to assess whether an Auction Price would be at a price disparity and whether a security should be indicated, to the benefit of investors and the maintenance of a fair and orderly market consistent with the protection of investors and the public interest under Section 6(b)(5) of the Act.¹⁵

The Exchange believes that using the proposed dynamic calculations for various reference prices for openings and reopenings would remove impediments to and perfect the mechanism of a free and open market because, as described in detail above, such prices would be based on the most recent valuation for purposes of assessing price movement leading into an Auction. For example, use of the term Opening Reference Price would incorporate the last eligible consolidated trade of at least one round lot or, if there were no such trades, the midpoint of the Auction NBBO or, if the Auction NBBO is locked, the locked price, or if there is no Auction NBBO, for the initial calculation, the prior trading day's Official Closing Price, while for each subsequent calculation, the most recent Opening Reference Price, for purposes of providing guidance to the DMM and determining the reference price for opening or reopening a security. The proposed rule change would therefore promote the fair and orderly operation of Core Open and Trading Halt Auctions by allowing securities to open or reopen at prices that are

¹⁵ 15 U.S.C. 78f(b)(5).

consistent with the most updated available buy and sell interest in a given security, which would also allow more buy and sell interest to participate in such Auction.

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 is not intended to address competitive issues but rather is concerned solely with enhancing the quality of the reference prices the Exchange utilizes for Core Open and Trading Halt Auctions. The proposed rule change does not implicate any intermarket competition concerns because it relates to how a DMM or the Exchange would facilitate Auctions in Exchange-listed securities.

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 within such longer period 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 (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-NYSE-2025-28 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-2025-28. 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 filing 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-2025-28 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.¹⁶

Sherry R. Haywood,

Assistant Secretary.

¹⁶ 17 CFR 200.30-3(a)(12).