SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104899; File No. SR-NYSETEX-2026-06]

Self-Regulatory Organizations; NYSE Texas, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Establishing Limited Underwriting Members

February 26, 2026.

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 February 19, 2026, the NYSE Texas, Inc. ("NYSE Texas" or the "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. 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 (1) a new Article 3, Rule 20 establishing a category of market participant granted access to the Exchange for the limited purpose of performing underwriting activity as a principal underwriter and imposing related requirements for principal underwriting activity; (2) related amendments to the definition of "Participant" in Article 1, Rule 1; and (3) a new definition of "Principal underwriter" in Article 22, Rule 1(b)(14) establishing requirements for the engagement of the principal underwriter by an issuer seeking approval for initial listing in connection with a transaction involving an underwriter. The proposed rule change is available on the Exchange's website at www.nyse.com and at the principal office of the Exchange.

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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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes a new Article 3, Rule 20 titled "Limited Underwriting Members and Associated Persons" establishing a category of market participant that is a member of the Financial Industry Regulatory Authority ("FINRA") and that would qualify as a "Limited Underwriting Member" for purposes of proposed requirements in the new definition of "Principal underwriter" in Article 22, Rule 1(b)(14), requiring that any issuer applying to list in connection with a transaction involving an underwriter must have a principal underwriter that is a Participant or Participant Firm or a Limited Underwriting Member as defined in Article 1, Rule 1(s) of the rules of the Exchange.

Proposed Article 3, Rule 20 is based on New York Stock Exchange ("NYSE") Rule 310 (Limited Underwriting Members and Associated Persons), which in turn was based on Rule 5210 and General 3, Rule 1031 of the rules of The Nasdaq Stock Market LLC ("Nasdaq"), respectively. The definition in proposed Article 22, Rule 1(b)(14) is based on Section 108.00 (Principal Underwriter) in the NYSE Listed Company Manual ("NYSE Listed Company Manual").

Background and Proposed Rule Change

In 2024, Nasdaq created a new, non-trading limited underwriter membership class and imposed related requirements for principal underwriting activity.[4] The impetus for the rule change came from the critical role underwriters play as gatekeepers to the capital markets in connection with the trading of newly issued securities.[5] Generally, exchanges rely on underwriters to select the selling syndicate and ensure that the shares are placed in a way that is reasonably designed to allow liquid trading, consistent with exchange listing requirements and the successful introduction of the company to the market place.[6] There is currently no requirement that underwriters of companies going public on the Exchange be Participants and, unless the underwriter is also an Participant, the Exchange currently does not have authority to require responses to investigative inquiries or to enforce its rules directly against non-member underwriters.

In 2025, the Exchange's affiliate NYSE adopted a new Section 108.00 of the NYSE Manual, requiring that any issuer applying to list in connection with a transaction involving an underwriter must have a principal underwriter that is a member organization as defined in NYSE Rule 2 or a Limited Underwriting Member, as defined in NYSE Rule 2(k), as well as a new

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4 See Securities Exchange Act Release No. 99846 (March 22, 2024), 89 FR 21629 (March 28, 2024) (SR-NASDAQ-2023-022) (Notice of Filing of Amendment No. 3 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment Nos. 2 and 3, To Create a New, Non-Trading Limited Underwriter Membership Class and Impose Related Requirements for Principal Underwriting Activity) ("Release No. 99846").

5 See id., 89 FR at 21629-30. In 2022, the Exchange and its affiliate NYSE published a joint regulatory memorandum highlighting the important role of underwriters as gatekeepers in the IPO process and the applicability of market rules and the federal securities laws. See NYSE Chicago RM-22-10 and NYSE RM-22-18, dated November 17, 2022, available at https://www.nyse.com/publicdocs/nyse/markets/nyse-texas/rule-interpretations/2022/NYSER_Reg_Memo_-_Regulatory_Scrutiny_in_Connection_with_IPOs_(2022.11.17_final).pdf. FINRA and Nasdaq published similar bulletins around the same time. See https://www.finra.org/rules-guidance/notices/22-25; https://www.nasdaqtrader.com/MicroNews.aspx?id=ERA2022-9.

6 See Release No. 99846, 89 FR at 21630.

NYSE Rule 310 establishing a category of market participant that is a FINRA member and that would qualify as a "Limited Underwriting Member" for purposes of proposed Section 108.00 of the NYSE Manual. Section 108.00 of the NYSE Manual was based on Nasdaq Rule 5210 and NYSE Rule 310 was based on General 3, Nasdaq Rule 1031.[7]

The Exchange similarly proposes to establish a category of market participant known as "Limited Underwriting Member" that would be granted access to the Exchange for the limited purpose of acting as a principal underwriter[8] (an "Initial Listing Principal Underwriter") of an underwritten public offering in connection with which a company seeks to list on the Exchange. As with the Nasdaq and NYSE rules, access to the Exchange for this limited purpose would not confer trading privileges on Limited Underwriting Members. As a result, this category of market participant would not constitute a traditional Exchange membership under Article 3 insofar as only Participants that meet the qualifications set forth in Article 3, Rule 1 can acquire and hold an Exchange-issued Trading Permit to conduct business as a broker or dealer in securities on the Exchange.[9]

Rather, Limited Underwriting Members would fall within the language proposed for

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7 See Securities Exchange Act Release No. 102877 (April 17, 2025), 90 FR 17107 (April 23, 2025) (SR-NYSE-2025-14) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change of New Section 108.00 in the NYSE Listed Company Manual) ("Release No. 102877"). The Exchange's affiliate NYSE American LLC ("NYSE American") recently also adopted substantially similar rules establishing limited underwriting members. See Securities Exchange Act Release No. 103462 (July 15, 2025), 90 FR 34059 (July 18, 2025) (SR-NYSEAmer-2025-4o) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Establishing Limited Underwriting Members).

8 "Principal underwriter" will have the same definition used in Rule 405 promulgated under the Securities Act of 1933 ("Securities Act"), i.e., an underwriter in privity of contract with the issuer of the securities as to which he is underwriter. The term "issuer" in the definition of "principal underwriter" has the meaning given in Sections 2(4) and 2(11) of the Securities Act. See 17 CFR 230.405.

9 See Article 3, Rule 1. Article 1, Rule 1 (Definitions) defines a "Participant" as "any Participant Firm that holds a valid Trading Permit and any person associated with a Participant Firm who is registered with the Exchange under Articles 16 and 17 as a Market Maker Authorized Trader or Institutional Broker Representative, respectively" and notes that a Participant is considered a "member" of the Exchange for purposes of the Act.

Article 1, Rule 1, which would provide that a Participant or Participant Firm also includes any registered broker or dealer that does not own a trading permit and agrees to be regulated by the Exchange, and which the Exchange has agreed to regulate, as a Limited Underwriting Member.[10]

The Exchange would further amend Article 1, Rule 1(s) to provide that a "Limited Underwriting Member" means a registered broker or dealer that is subject to the jurisdiction of the Exchange solely for purposes of Article 3, Rule 20 and the rules enumerated in Article 3, Rule 20(b)(1). The proposed definition is the same as NYSE Rule 2(k) and substantially similar to General 1, Nasdaq Rule 1(b)(20) defining a "Limited Underwriting Member" as a broker or dealer admitted to limited underwriting membership in Nasdaq. The Exchange does not propose to adopt language similar to General 3, Nasdaq Rule 1031(c)(1), which provides that for purposes of interpreting and applying its rules relating to Limited Underwriting Members, references to "Member," "Members," or "membership" shall be functionally equivalent to "Limited Underwriting Member," "Limited Underwriting Members," or "limited underwriting membership" respectively. The Exchange believes that the proposed amendments to Article 1, Rule 1 renders it unnecessary for the Exchange to adopt the language from the Nasdaq rule.

The Exchange would also add a new Article 3, Rule 20[11] titled "Limited Underwriting

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[10] Because the proposed rules would establish the authority for the Exchange to require responses to investigative inquiries and take appropriate enforcement action when a Limited Underwriting Member violates one of the rules enumerated in proposed Article 3, Rule 20(c)(1), Limited Underwriting Members would be "members" of a national securities exchange under the Act based on their agreement to be regulated by the Exchange in connection with underwriting activity. See 15 U.S.C. 78c(a)(3)(A)(iv) ("The term 'member' when used with respect to a national securities exchange means … any other registered broker or dealer which agrees to be regulated by such exchange and with respect to which the exchange undertakes to enforce compliance with the provisions of this chapter, the rules and regulations thereunder, and its own rules."). See the discussion of Article 3, Rule 20, Supplementary Material .01, infra.

[11] Current Article 3, Rule 19 marked "Reserved" would be deleted and current Article 3, Rule 20 (No Affiliation between Exchange and any Participant) would become Article 3, Rule 19 with proposed conforming changes to change internal references to Rule 20. No substantive changes to Article 3, Rule 20 are proposed. Current Article 3, Rule 21 (Mandatory Participation Testing of Backup Systems) contains a legend indicating that the rule is not applicable to trading on the Pillar trading platform under which the Exchange currently operates. The legend and the rule text would be deleted in their entirety.

Members and Associated Persons" governing eligibility, access and rules applicable to proposed Limited Underwriting Members. As proposed, any registered broker or dealer with a disciplinary history satisfactory to the Exchange would be eligible for approval by the Exchange to operate as a Limited Underwriting Member, except such registered brokers or dealers as are excluded under Article 3, Rule 1(b).[12] The proposed language is the same as NYSE Rule 310(a)(1) and substantially the same as General 3, Nasdaq Rule 1031(a)(1) and (c)(2) except for the explicit requirement that proposed Limited Underwriting Members have a disciplinary history acceptable to the Exchange.[13] Additionally, the associated persons of Limited Underwriting Members that will be responsible for activity of the Limited Underwriting Member as an Initial Listing Principal Underwriter for purposes of Article 3, Rule 20(b) must be identified on the application. Like the NYSE and Nasdaq rule, any person shall be eligible to become an Associated Person of a Limited Underwriting Member, except such persons as are excluded under Article 3, Rule 1(b).[14] Once again, the proposed language is the same as NYSE Rule 310(a)(ii) and substantially the same as General 3, Nasdaq Rule 1031(a)(2) and (c)(2).

Pursuant to proposed Article 3, Rule 20(b) (Access to the Exchange), approval by the Exchange to operate as a Limited Underwriting Member provides no rights to transact on the

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12 See proposed Article 3, Rule 21(a)(i) (Eligibility to Become Limited Underwriting Members and Associated Persons).

13 In order to make a determination of the firm's eligibility for purposes of proposed Article 3, Rule 20(a), as part of the application process to become a Limited Underwriting Member, the Exchange would determine whether the Limited Underwriting Member was a FINRA member in good standing and examine the prospective applicant's relevant regulatory history, which would include an assessment of any open or ongoing disciplinary or other regulatory matters by FINRA, the Commission or any other regulator. Associated persons of Limited Underwriting Members that would be responsible for the Limited Underwriting Member's activity on the Exchange as an Initial Listing Principal Underwriter for purposes of Article 3, Rule 20(b) would be similarly identified and vetted as part of the application process. Pursuant to proposed Article 3, Rule 20(c)(2) discussed below, Limited Underwriting Members must at all times be FINRA members and associated persons of Limited Underwriting Members must at all times be properly qualified and registered under FINRA rules.

14 See proposed Article 3, Rule 21(a)(ii).

Exchange. As proposed, approval by the Exchange of a firm to operate as a Limited Underwriting Member would solely permit such firm to act as a principal underwriter (an "Initial Listing Principal Underwriter") of an underwritten public offering in connection with which a company seeks to list on the Exchange. A firm that is not an Exchange Participant or Participant Firm cannot act as an Initial Listing Principal Underwriter unless such firm is a Limited Underwriting Member. These requirements are substantially similar to NYSE Rule 310(b) and to General 3, Nasdaq Rule 1031(b).

The Exchange proposes to apply a limited ruleset to Limited Underwriting Members and their associated persons aimed at maintaining the fairness and integrity of the underwriting process on the Exchange. Like the NYSE and Nasdaq, the Exchange proposes to apply: (1) conduct rules relevant to underwriting activity; (2) supervision rules; (3) applicable fee-related rules; and (4) disciplinary rules. Finally, although Nasdaq applied certain administrative, business continuity, and registration-related rules (for example, certain rules set forth in Nasdaq General 2 and 4), the Exchange, like its affiliate NYSE, does not propose applying analogous Exchange rules (where such rules exist), because Limited Underwriting Members already would be subject to similar requirements under FINRA rules.

Specifically, the Exchange proposes to provide in proposed Article 3, Rule 20(c)(1) (Rules Applicable to Limited Underwriting Members) that Limited Underwriting Members and their associated persons would be subject only to the following rules:

<u>Rule 0 Regulation of the Exchange and Participants</u>

- Rule 0 (Regulation of the Exchange and Participants)

<u>Rule 10 Disciplinary Proceedings; Suspension, Cancellation and Reinstatement, Other Hearings and Appeals</u>

- Rules 10.8000-10.8330 (Disciplinary Rules (Investigations and Sanctions)), with

the exception of Rule 10.8211 (Automated Submission of Trading Data Requested by the Exchange)

- Rules 10.9000-10.9870 (Disciplinary Rules (Procedural)) with the exception of Rule 10.9557 (Procedures for Regulating Activities Under Article 7, Rules 3 or 8 Regarding a Participant or Participant Firm Experiencing Financial or Operational Difficulties)

Rule 11 Business Conduct

- Rule 11.20 (Adherence to Law)
- Rule 11.3110 (Supervision)
- Rule 11.5.3120 (Supervisory Control Systems)
- Rule 11.5190 (Notification Requirements for Offering Participants)

Article 3 (Participants and Participant Firms)

- Article 3, Rule 1(b) (Qualifications)
- Article 3, Rule 19 (No Affiliation between Exchange and any Participant)

Article 5 (Access to the Exchange)

- Article 5, Rule 2 (Required Payment of Fees)

Article 7 (Financial Responsibility and Reporting Requirements)

- Article 7, Rule 12 (Failure to Pay Fees)

Article 8 (Business Conduct)

- Rule 1 (Adherence to All Rules and Bylaws)
- Rule 2 (Acts Detrimental to Interest or Welfare of Exchange)
- Rule 3 (Fraudulent Acts)
- Rule 4 (Prohibition of Misstatements)

- Rule 5 (Attempt to Hide Prior Misdealings)
- Rule 7 (Officers and Employees of Exchange and Other Industry Participants)
- Rule 16 (Conduct on Exchange Premises and Conduct Involving Participants or Exchange Employees)

Article 9 (General Trading Rules)

- Rule 2 (Just and Equitable Trade Principles)
- Rule 9 (Fictitious Transactions)
- Rule 11 (Price Manipulation)
- Rule 12 (Manipulative Operations)
- Rule 19 (Excessive Purchases or Sales--Personal Interest)

Article 15 (Hearings and Reviews)

- Rule 1 (Applicability)
- Rule 2 (Submission of Requests for Hearing)
- Rule 3 (Hearing Panel)
- Rule 4 (Extensions of Time)
- Rule 5 (Submission of Supporting Materials)
- Rule 6 (Notice of Hearing)
- Rule 7 (Conduct of Hearing)
- Rule 8 (Decision)
- Rule 9 (Appeal from Executive Committee decision)

Proposed Rules Applicable to Limited Underwriting Members

The Exchange proposes to apply Rule 0 (Regulation of the Exchange and Participants) to Limited Underwriting Members in order to apply requirements related to the Exchange's

Regulatory Services Agreement with FINRA set forth in subsection (a) as well as the requirements in subsection (b) that Exchange Rules apply to all Participants and Participant Firms and persons associated with Participants and Participant Firms, and that persons associated with a Participant or Participant Firm have the same duties and obligations as a Participant or Participant Firm, as applicable, under Exchange Rules.

Rules 10.8000-10.8330 and Rules 10.9000-10.9870[15] contain the Exchange's disciplinary rules, which would govern the initiation of disciplinary proceedings against proposed Limited Underwriting Members for violations of the rules set forth in proposed Article 3, Rule 20(c)(1). The Exchange proposes to specifically exclude Rule 10.8211 and Rule 10.9557 because Limited Underwriting Members already would be subject to similar requirements under FINRA rules. Rule 10.8211 relates to submission of trade data. Rule 10.9557 relates to procedures for regulating activities under Article 7, Rules 3 and 8, which relate to capital compliance and the inability to maintain adequate operational capability, respectively.

The Exchange proposes to apply Rule 11.20 (Adherence to Law) to Limited Underwriting Members, thereby extending the rule's general business conduct requirements, including the obligation to avoid violations of specified laws and rules and to reasonably supervise associated persons to prevent such violations, to these Participants.

Rule 11.3110 (Supervision) requires each Participant and Participant Firm to establish and maintain a system to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations and with applicable Exchange rules. Rule 11.5.3120 (Supervisory Control Systems) requires each

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[15] These rules also apply to "covered persons." Rule 10.9120(g) defines "covered person" to mean an Associated Person as defined in Article 1, Rule 1(d) and any other person subject to the jurisdiction of the Exchange.

Participant and Participant Firm to have a system of supervisory control policies and procedures that tests and verifies that supervisory procedures are reasonably designed with respect to the activities of the Participant or Participant Firm and their associated persons, to achieve compliance with applicable securities laws and regulations, and with applicable Exchange rules. The Exchange believes it is important to apply these provisions on supervision as it would provide the Exchange with authority to assess whether a Limited Underwriting Member has adequate supervisory systems and written supervisory procedures in place.

Rule 11.5190 (Notification Requirements for Offering Participants) sets forth notice requirements applicable to all Participants participating in offerings of securities for purposes of monitoring compliance with the provisions of SEC Regulation M. In addition to the requirements under Rule 11.5190, Participants and Participant Firms also must comply with all applicable rules governing the withdrawal of quotations in accordance with SEC Regulation M. The Exchange believes that applying Rule 11.5190 to Limited Underwriting Members would be appropriate given the important role Rule 11.5190 plays in maintaining the quality of and public confidence in the Exchange's marketplace and the initial public offering ("IPO") process and the prevention of fraudulent and manipulative acts and practices.

The Exchange proposes to apply Article 3, Rule 1(b) (Qualifications), which requires that except as otherwise permitted by the Exchange, no person may become a Participant or continue as a Participant in any capacity on the Exchange where such person is subject to a statutory disqualification, applicable to Limited Underwriting Members.

The Exchange proposes to apply Article 3, Rule 19 (No Affiliation between Exchange and any Participant) in order to apply the limitations on affiliation between the Exchange and a Limited Underwriting Member.

The Exchange proposes applying Article 5, Rule 2 (Required Payment of Fees) and Article 7, Rule 12 (Failure to Pay Fees) to facilitate the Exchange's ability to collect fees for Limited Underwriting Members.[16]

The Exchange proposes to apply certain business conduct rules[17] to Limited Underwriting Members and their associated persons which set forth the general standards by which Participants and/or partners, officers, directors, principal shareholders or registered employees of a Participant Firm must abide so that Limited Underwriting Members would be subject at all times to the requirements to adhere to the principles of good business practice in the conduct of business affairs. Specifically, the Exchange proposes to apply the following rules to Limited Underwriting Members:

- Article 8, Rule 1 (Adherence to All Rules and Bylaws);
- Article 8, Rule 2 (Acts Detrimental to Interest or Welfare of Exchange); Article 8, Rule 3 (Fraudulent Acts);
- Article 8, Rule 4 (Prohibition of Misstatements);
- Article 8, Rule 5 (Attempt to Hide Prior Misdealings);

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16 The Exchange proposes to establish fees for Limited Underwriting Members in a separate rule filing once proposed Article 3, Rule 21 is operative. Proposed Limited Underwriting Members would be subject to the same general requirements to pay required fees of Article 5, Rule 2 and the more specific requirements of Article 7, Rule 12 for failure to pay a fee or any other sum due to the Exchange within 60 days after the same becomes payable, including suspension or denial of access to some or all of the facilities of the Exchange.

17 The Exchange's Business Conduct Rules are set forth in Article 8, Rules 1-17. The Exchange does not propose to apply the following Rules unrelated to underwriting activity to Limited Underwriting Members: Article 8, Rule 6 (Prohibited Accounts); Article 8, Rule 8 (Pledged Securities); Article 8, Rule 9 (Mailing Communications to Non-Participant Customer); Article 8, Rule 10 (Customer Dealings-Account Transfers); Article 8, Rule 12 (Interest in Customer Accounts); Article 8, Rule 13 (Advertising, Promotion and Telemarketing); Article 8, Rule 14 (Proxies); Article 8, Rule 15 (Commissions); and Article 8, Rule 17 (Customer Disclosures).

- Article 8, Rule 7 (Officers and Employees of Exchange and Other Industry Participants);[18] and
- Article 8, Rule 16 (Conduct on Exchange Premises and Conduct Involving Participants or Exchange Employees).

Similarly, the Exchange proposes to apply the following rules from Article 9 (General Trading Rules):

- Rule 2 (Just and Equitable Trade Principles), which prohibits Participants, Participant Firms or partners, officers, directors or registered employees of a Participant Firm from engaging in conduct or proceeding inconsistent with just and equitable principles of trade;
- Rule 9 (Fictitious Transactions), which prohibits the same persons from making a fictitious transaction or giving an order for the purchase or sale of securities, the execution of which would involve no change of ownership, or execute such order with knowledge of its character;
- Rule 11 (Price Manipulation), which prohibits a Participant or partner, officer, director, registered employee or associated person of a Participant Firm from entering orders for, or executing or causing to be executed, the purchase or sale of any security at a higher price or successively higher prices or the sale of any security at a lower price or successively lower prices for the purpose of creating or inducing a false, misleading, or artificial appearance of activity in such security, or for the purpose of unduly or improperly influencing the

[18] Article 8, Rule 7 prohibits employing, compensating or providing gratuities in excess of $100 to any officer or employee of the Exchange, or of another Participant, without prior written consent.

market price of such security, or for the purpose of making a price which does not reflect the true state of the market in such security;

- Rule 12 (Manipulative Operations), which prohibits a Participant or any other person or organization subject to the jurisdiction of the Exchange from directly or indirectly participating in or have any interest in the profit of a manipulative operation or knowingly managing or financing a manipulative operation; and
- Rule 19 prohibits Participants, or any partner, officer, director or registered employee in a Participant Firm, from effecting on the Exchange purchases or sales for any account in which he or it is directly or indirectly interested, if such purchases or sales are excessive in view of his or its financial resources, or in view of the market for such security.

Finally, the Exchange proposes to apply the 9 rules in Article 15 (Hearings and Reviews) to proposed Limited Underwriting Members in order to permit challenges to Exchange disapprovals of Limited Underwriting Member applications.

Proposed Article 3, Rule 20(c)(1) would provide that the rules enumerated therein would apply to all Limited Underwriting Members and their associated persons in the same manner that these rules apply to Participants and persons associated with a Participant. Persons associated with a Limited Underwriting Member would also have the same duties and obligations under these rules as a Limited Underwriting Member under these rules.

Finally, proposed Article 3, Rule 20(c)(2) would provide that Limited Underwriting Members must at all times be FINRA members in good standing and that associated persons of Limited Underwriting Members must at all times be properly qualified and registered under FINRA rules.

The proposed list of rules applicable to Limited Underwriting Members is not intended to be comprehensive or foreclose the possibility of modifying the list in the future. The Exchange represents that it will consider whether additional existing rules that are not proposed in the limited ruleset for Limited Underwriting Members or new rules are warranted as the Exchange gains more experience in applying the rules proposed.

Like the NYSE and Nasdaq, the Exchange proposes to apply only those rules it deems appropriate to a firm serving as a principal underwriter, including those rules it deems critical to such firms, in an effort to impose minimal burden on Limited Underwriting Members, while still allowing the Exchange to have regulatory authority over such Limited Underwriting Members.[19] The Exchange acknowledges that there are additional rules that the Exchange does not propose to apply to proposed Limited Underwriting Members. However, since proposed Limited Underwriting Members do not have trading privileges on the Exchange, the Exchange has sought to avoid applying all those Exchange rules applicable to Participants and Participant Firms that primarily relate to trading activity and thus not relevant to the activities of Limited Underwriting Members or are duplicative of FINRA requirements.

Rules Inapplicable to Limited Underwriting Members

The Exchange does not propose to apply the following Rules to Limited Underwriting Members at this time because they are definitional, relate to trading, settlement and/or operational matters on the Exchange and/or are otherwise not relevant to underwriting activity:

- Rule 1.1 (Definitions);
- Rule 2.0 (Disciplinary Jurisdiction);
- Rule 2.13 (Mandatory Participation in Testing of Backup Systems);

[19] See Release No. 99846, 89 FR at 21631; Release No. 102877, 90 FR at 17111.

- Rule 3.11 (Fingerprint-Based Background Checks of Exchange Employees and Others);
- Rule 3.13 (Data Center Pole Restrictions--Connectivity to Co-Location Space);
- Rule 3.14 (Data Center Pole Restrictions--Connectivity to Production Point);
- Rule 5 (Exchange Traded Products Listing Requirements);
- Rule 6 (Order Audit Trail);
- Rule 7 (Equities Trading);
- Rule 8 (Trading of Certain Equity Derivatives);
- Rule 11.21 (Disruptive Quoting and Trading Activity Prohibited);
- Rule 11.30 (Prevention of the Misuse of Material, Non-Public Information);
- Rule 11.2210 (Communications with the Public);
- Rule 11.4530 (Reporting Requirements);
- Rule 12 (Arbitration);
- Rule 13 (Liability of Directors and Exchange);
- Article 1 (Definitions and General Information), all rules;
- Article 2 (Committees), all rules;
- Article 3 (Participants and Participant Firms), with the exception of Rules 1(b) and 19;
- Article 5 (Access To The Exchange), with the exception of Rule 2;[20]
- Article 6 (Registration, Supervision and Training), all rules;

[20] Article 4 (Exchange Systems and Services) is not applicable to trading on the Pillar trading platform.

- Article 7 (Financial Responsibility and Reporting Requirements), with the exception of Rule 12;
- Article 8 (Business Conduct), with the exception of Rules 1, 2, 3, 4, 5, 7, and 16;
- Article 9 (General Trading Rules), with the exception of Rules 2, 9, 11, 12 and 19;
- Article 10 (Margins), all rules;
- Article 11 (Participant Books and Records);
- Article 12 (Legacy Disciplinary Matters and Trial Proceedings Legacy Disciplinary Matters and Trial Proceedings Investigation and Charges), all rules;
- Article 13 (Suspension—Reinstatement), all rules;
- Article 14 (Arbitration), all rules;
- Article 17 (Institutional Brokers);[21]
- Article 19 (Operation of the Routing Services);
- Article 20 (Operation of the Matching System);
- Article 21 (Clearance and Settlement); and
- Article 22 (Listed Securities).

Proposed Supplementary Material

Proposed Article 3, Rule 20 would include two supplementary material.

First, Rule Article 3, Rule 20, Supplementary Material .01 would provide that, consistent with the definition of "member" in the Securities Exchange Act of 1934, a Limited Underwriting Member agrees to be regulated by the Exchange and is subject to the jurisdiction of the

[21] Articles 16 and 18 are marked "Reserved."

Exchange for purposes of interpreting and applying the above rules to Limited Underwriting Members and their associated persons.

Second, proposed Article 3, Rule 20, Supplementary Material .02 would provide that, for the purposes of this rule, the term "associated person" shall have the same meaning as the terms "person associated with a member" or "associated person of a member" as defined in Article I (rr) of the FINRA ByLaws.

The Exchange would avoid applying any Exchange rules not specified in proposed Article 3, Rule 20(c)(1). As previously noted, the Exchange does not propose to apply rules that would apply to Participants, such as registration, qualification, and continuing education requirements, including requirements for persons engaged in the securities business of a member, that Nasdaq applies to its Limited Underwriting Members and their associated persons. Further, the Exchange does not propose to apply Rule 6 to Limited Underwriting Members because the rule governs consolidated audit trail compliance and would not apply to underwriting activity. The Exchange's arbitration rules would apply to Limited Underwriting Members by virtue of their FINRA membership and would thus be duplicative of FINRA requirements. The additional Exchange rules that Limited Underwriting Members would not be subject to under the proposal primarily relate to trading activity and are, therefore, not relevant to the activities of Limited Underwriting Members due to their lack of access to trade on the Exchange. While there are additional rules that it could propose to apply to Limited Underwriting Members, the Exchange only proposes a limited ruleset intended primarily to provide the Exchange with the authority to require information directly from the Limited Underwriting Members and enhance its tools for oversight with respect to the role the underwriter plays in connection with a company listing on the Exchange. The Exchange does not intend to create comprehensive rules to regulate

underwriting activity.

In addition, the Exchange would impose a new requirement in Article 22, Rule 1 based on Nasdaq Rule 5210(l)(ii) and Section 108.00 of the NYSE Listed Company Manual in a new subsection (b)(14) of Rule 1 specifying that "principal underwriter" shall have the same definition used in Rule 405 promulgated under the Securities Act of 1933.[22] In addition, the proposed rule would require each Company applying for initial listing in connection with a transaction involving an underwriter to have a principal underwriter that is a Participant or Participant Firm or a Limited Underwriting Member. Proposed Article 22, Rule 1(b)(14) would be substantially the same as Nasdaq Rule 5210(l)(ii) and Section 108.00 NYSE Listed Company Manual.

Implementation

The Exchange would establish fees for Limited Underwriting Members pursuant to a separate fee filing. The Exchange proposes that the instant filing would become operative 30 days following the effective day of the fee filing. The Exchange will announce the implementation date by Trader Update.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,[23] in general, and furthers the objectives of Section 6(b)(5) of the Act,[24] 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 mechanism of a free and

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22 See note 8, supra.

23 15 U.S.C. 78f(b).

24 15 U.S.C. 78f(b)(5).

open market and a national market system and, in general, to protect investors and the public interest by strengthening the Exchange's ability to oversee and police its marketplace. In addition, the Exchange believes that the proposed rule change is designed to provide a fair procedure for prohibiting or limiting any person with respect to access to services offered by the Exchange or a member thereof consistent with the objectives of Section 6(b)(7).[25]

As discussed above, the proposal would create a new category of market participant for registered broker-dealers with a disciplinary history satisfactory to the Exchange that seek to act as a principal underwriter of a transaction in connection with which an issuer seeks to be admitted to listing on the Exchange. Firms approved to operate as Limited Underwriting Members on the Exchange would not have rights to transact on the Exchange. Rather, such firms would submit to limited Exchange jurisdiction for the purpose of acting as an underwriter on the Exchange. The Exchange believes that this is reasonable because proposed Limited Underwriting Members would not be admitted to the Exchange for trading or any other purpose than acting as an Initial Listing Principal Underwriter.

As proposed, the Exchange would apply only those rules specified in proposed Article 3, Rule 20(c)(1) to Limited Underwriting FINRA Members, which would include fees, business conduct standards, supervision, notification requirements for offering participants, and disciplinary rules. The Exchange believes that subjecting the proposed new category of principal underwriters to Exchange jurisdiction for such specified rules supports fair and orderly markets, which protects investors and the public interest, consistent with Section 6(b)(5) of the Act.[26] In this regard, the proposal would subject Limited Underwriting Members to the Exchange's

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[25] 15 U.S.C. 78f(b)(7).

[26] 15 U.S.C. 78f(b)(5).

disciplinary rules, which would provide the Exchange with the authority to require documents and information from such underwriters. In addition, these underwriters would be subject to various conduct rules governing their activities on the Exchange, including the requirements to observe just and equitable principles of trade, establish and maintain a system to supervise the activities of associated persons, and to test and verify that the system is reasonably designed. The Exchange believes that imposing these rules, as well as the other rules included in proposed Article 3, Rule 20, on principal underwriters will strengthen the Exchange's ability to carry out its oversight responsibilities and deter potential violative conduct, such as fraud or manipulation, thereby protecting investors and the public interest. Further, the Exchange believes that it is appropriate and consistent with the protection of investors and the public interest that the rules specifically excluded from proposed Article 3, Rule 20 not be imposed on proposed Limited Underwriting Members because those rules are, as discussed above, either inapplicable to the activities a principal underwriter would be permitted to conduct on the Exchange and/or proposed Limited Underwriting Members would be subject to similar rules by virtue of their FINRA membership. As noted above, proposed Limited Underwriting Members must at all times be FINRA members in good standing, and their associated persons must at all times be properly qualified and registered under FINRA rules, rendering them at all times subject to FINRA rules, all applicable rules of the Commission and the rules of any other self-regulatory organization of which it is a member.

The Exchange believes that the proposed rule change is not designed to permit unfair discrimination between customers, issuers, brokers and dealers, consistent with Section 6(b)(5)[27] of the Act. The Exchange's proposal to subject Limited Underwriting Members to a limited set

[27] 15 U.S.C. 78f(b)(5).

of rules and exclude certain rules applicable to Participants and Participant Firms is not designed to permit unfair discrimination between brokers and dealers because being permitted to act as an underwriter on the Exchange under the proposed arrangement does not confer the same benefits as a traditional Exchange membership, and, therefore, does not warrant application of the same ruleset. Moreover, all Limited Underwriting Members would be subject to the same specified rules set forth in proposed Article 3, Rule 20(c)(1). In addition, the proposed changes will apply equally to all similarly situated Limited Underwriting Members, and therefore are not designed to permit unfair discrimination. Similarly, the proposed changes to Article 22, Rule 1(b)(14) will apply equally to all similarly situated companies applying for initial listing in connection with a transaction involving an underwriter on the Exchange and therefore, are thus not designed to permit unfair discrimination.

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 intended to apply standards and qualifications to permit certain principal underwriters to access to the Exchange for the sole purpose of acting as a principal underwriter of an underwritten public offering in connection with which a company seeks to list on the Exchange and to apply a limited ruleset consistent with the purpose of a limited underwriting membership that does not confer any access to trading on the Exchange and only permits such member to act as a principal underwriter for a company applying to initially list on the Exchange. As noted above, although the Exchange proposes to subject Limited Underwriting Members to a limited set of rules, being permitted to act as an underwriter on the Exchange under the proposed arrangement and for no

other purpose does not confer the same benefits as a standard Exchange membership and does not warrant application of the same ruleset. Applying a limited ruleset to proposed Limited Underwriting Members is therefore justified. All Limited Underwriting Members would be subject to the same specified rules. Likewise, the proposed changes to Article 22, Rule 1(b)(14) will apply equally to all similarly situated companies applying for initial listing in connection with a transaction involving an underwriter on the Exchange.

Moreover, the Exchange does not expect that its proposal will have an adverse impact on competition among exchanges for members. The Exchange believes the proposed rule changes will strengthen the Exchange's ability to carry out its role and responsibilities as a self-regulatory organization and deter potential violative conduct. As such, the Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

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

Because the foregoing 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 for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act[28] and Rule 19b-4(f)(6) thereunder.[29]

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[28] 15 U.S.C. 78s(b)(3)(A).

[29] 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

At any time within 60 days of the filing of the 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 to determine whether the proposed rule change should be approved or 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-NYSETEX-2026-06 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-NYSETEX-2026-06. 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

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rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

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-NYSETEX-2026-06 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.[30]

Sherry R. Haywood,

Assistant Secretary.

[30] 17 CFR 200.30-3(a)(12).