

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-105720; File No. SR-NYSEARCA-2026-65]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Rule 1 to Require OTP Holders and OTP Firms to Review Customer Activity on a Monthly Basis

June 17, 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 June 10, 2026, NYSE Arca, Inc. (“NYSE Arca” 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 to change the review period in which Options Trading Permit (“OTP”) Holders and OTP Firms are required to determine whether orders that are not for a Broker/Dealer should be represented as “Professional Customer.”⁴ The proposed rule change is

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

⁴ For options traded on the Exchange, the term “Customer” does not include a broker or dealer and, unless otherwise specified, includes a “Professional Customer”. For options traded on the Exchange, the term “Professional Customer” means an individual or organization that (i) is not a broker or dealer, as defined Sections 3(a)(4) and 3(a)(5) of the Exchange Act and rules thereunder, and (ii) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). See Rule 1. Definitions. The manner in which a Professional Customer order is calculated is specified in subparagraphs (a) through (c) of the Rule 1 definition.

available on the Exchange’s website at www.nyse.com and at the principal office of the Exchange.

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

OTP Holders and OTP Firms are required to review their customers’ activity on at least a quarterly basis to determine whether orders that are not for the account of a Broker/Dealer should be represented as Professional Customer orders.⁵ Orders for any non-Broker/Dealer that had an average of more than 390 orders per day during any calendar month (within the quarterly review period) must be represented as Professional Customer.⁶ OTP Holders and OTP Firms are required to make any appropriate changes to the way in which they are representing orders within five days after the end of the calendar quarter.⁷

The Exchange proposes to amend the Rule 1 definition of Customer and Professional Customer by adding language to require that OTP Holders and OTP Firms review their

⁵ See supra [sic], December 2, 2014, Trader Update and NYSE Regulation, Inc. Joint Regulatory Bulletin, NYSE Arca RBO-15-03 “Professional Customer Orders” (September 9, 2015) (“NYSE Arca RBO-15-03”).

⁶ Id.

⁷ Id.

Customers' activity on a monthly basis to determine whether orders that are not for a Broker or Dealer should be represented as Professional Customer and make any appropriate changes to the way in which they are representing such orders within five days after the end of the calendar month rather than five days after the end of the calendar quarter.

Determining whether a Customer has executed more than 390 orders per day during a month within a calendar quarter requires computing a daily average. As such, OTP Holders and OTP Firms should already be performing the workflow necessary to designate orders on a daily basis. Therefore, the proposal does not increase the current workflow. Rather, the proposal merely shortens the time in which OTP Holders and OTP Firms are required to make changes to the way in which they are representing the orders from five days after the end of each calendar quarter to five days after the end of each calendar month.

The Exchange does not believe that this amendment is a significant departure from the current practice, nor does it impose any burden on any OTP Holder or OTP Firm because each broker-dealer is currently required to perform the necessary calculation daily to arrive at the requisite average. Further, in addition to the calculation, broker-dealers are subject to know-your-customer and suitability requirements under FINRA Rules 2090 (Know Your Customer) and 2111 (Suitability) and would need to consider whether a Customer meets the Professional Customer designation for purposes of determining best execution and making appropriate recommendations.

The Exchange believes that a calendar month is sufficient time to determine whether the activity of a Customer meets the criteria for a Professional Customer order. The Exchange believes that the shortened time period will ensure that the spirit of the designation of Professional Customer order is met in that OTP Holders and OTP Firms will make any

appropriate changes in how they are representing orders in a 30-day timeframe as opposed to a 90-day timeframe, thereby ensuring the designation is applied in a more expeditious manner.

The Exchange continues to believe that identifying Professional Customer orders based upon the average number of orders entered in qualified accounts is an appropriate and objective approach to reasonably distinguish such persons and entities from retail investors or other market participants.

Implementation

The Exchange proposes implementing this rule change on July 1, 2026. The Exchange will issue a Trader Update to provide notice to OTP Holders and OTP Firms of the proposed change.

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 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 open market and a national market system and, in general, to protect investors and the public interest. In addition, the Exchange believes that the proposed rule change is consistent with the Section 6(b)(5)¹⁰ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(5).

¹⁰ 15 U.S.C. 78f(b)(5).

The Exchange’s proposal to shorten the quarterly look-back to a monthly look-back is consistent with the Act because it will ensure that the spirit of the designation of Professional Customer order continues to be met, only on a more expedited basis — removing a potential delay of two months before affecting a change in the designation. The Exchange believes that this amendment will remove impediments to and perfect the mechanism of a free and open market and a national market system by promoting the consistent application of its rules and shortening the timeframe to change the designation for all OTP Holders and OTP Firms while continuing to provide a sufficient time period to determine whether the activity of a Customer meets the criteria for a Professional Customer order. Further, the Exchange believes that the shortened time period will continue to promote consistency in the treatment of orders as Professional Customer orders.

As noted above, OTP Holders and OTP Firms are required to review their Customers’ activity on at least a quarterly basis to determine whether orders that are not for the account of a Broker/Dealer should be represented as Professional Customer orders.¹¹ Orders for any non-Broker/Dealer that had an average of more than 390 orders per day during any calendar month (within the quarterly review period) must be represented as Professional Customer.¹² OTP Holders and OTP Firms are required to make any appropriate changes to the way in which they are representing orders within five days after the end of the calendar quarter.¹³

Determining whether a Customer has executed more than 390 orders per day during a month requires computing a daily average. As such, OTP Holders and OTP Firms should already

¹¹ See *supra*, December 2, 2014, Trader Update and NYSE Arca RBO-15-03.

¹² *Id.*

¹³ *Id.*

be performing the workflow necessary to designate orders on a daily basis. Therefore, the proposal does not increase the current workflow. Rather, the proposal merely shortens the time in which OTP Holders and OTP Firms are required to make changes to the way in which they are representing the orders from five days after the end of each calendar quarter to within five days after the end of each calendar month.

The Exchange does not believe that this amendment is a significant departure from the current rule, nor does it impose any burden on any OTP Holder or OTP Firm because each broker-dealer is currently required to perform the necessary calculation daily to arrive at the requisite average. Further, in addition to the calculation, broker-dealers are subject to know-your-customer and suitability requirements under FINRA Rules 2090 (Know Your Customer) and 2111 (Suitability) and would need to consider whether a Customer meets the Professional Customer designation for purposes of determining best execution and making appropriate recommendations.

The Exchange notes that the trading behavior of a Customer can be distinguished from that of a Professional Customer which is the purpose of the separate designations. The Exchange continues to believe that identifying Professional Customer orders based upon the average number of orders entered in qualified accounts is an appropriately objective approach to reasonably distinguish such persons and entities from retail investors or market participants. One marketplace advantage afforded to Customer orders on the Exchange is that members are, in some instances, assessed lower transaction fees and are entitled to credits for the execution of Customer orders. The purpose of these marketplace advantages is to attract retail order flow to the Exchange by leveling the playing field for retail investors over market professionals. This proposal will continue to provide Customer accounts with marketplace advantages and

distinguish the accounts of non-professional retail investors from the Professional Customer accounts. The Exchange notes that some non-broker-dealer individuals and entities have access to information and technology that enables them to professionally trade listed options in the same manner as a broker or dealer in securities.

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.

Specifically, the Exchange does not believe that the proposed rule change will impose any burden on intra-market competition because, today, each OTP Holder and OTP Firm is required to monitor Customer orders to determine if the Customer has averaged more than 390 orders per day during a month. Determining whether a Customer has executed more than 390 orders per day during a month requires computing a daily average. As such, OTP Holders and OTP Firms should already be performing the workflow necessary to designate orders on a daily basis. Therefore, the proposal does not increase the current workflow. Rather, the proposal merely amends the timeframe to change how the Customer's order is being represented from five days after the end of each calendar quarter to five days after the end of each calendar month. The Exchange does not believe that this amendment is a significant departure from the current rule, nor does it impose any burden on any OTP Holder or OTP Firm because each broker-dealer is already required to perform the necessary calculation daily to arrive at the requisite average.

Further, in addition to the calculation, broker-dealers are subject to know-your-customer and suitability requirements under FINRA Rules 2090 (Know Your Customer) and 2111 (Suitability) and would need to consider whether a Customer meets the professional designation for purposes of determining best execution and making appropriate recommendations. The

Exchange notes that the trading behavior of a Customer can be distinguished from that of a Professional Customer which is the purpose of the separate designations.

Finally, the Exchange notes that Nasdaq ISE, LLC has adopted a similar rule and other options exchanges may choose to file similar proposals with the Commission to change the time in which its members are required to review and determine whether orders should be represented as Professional Customer.

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

Pursuant to Section 19(b)(3)(A) of the Act¹⁴ and Rule 19b-4(f)(6)¹⁵ thereunder, the Exchange has designated this proposal as one that effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.¹⁶

A proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)(iii)¹⁷ permits the Commission to designate a shorter time if such action is consistent with the

¹⁴ 15 U.S.C. 78s(b)(3)(A).

¹⁵ 17 CFR 240.19b-4(f)(6).

¹⁶ In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file 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 requested waiver of the five-day pre-filing requirement for this proposal for the reasons stated in its filing, which the Commission hereby grants.

¹⁷ 17 CFR 240.19b-4(f)(6)(iii).

protection of investors and the public interest. The Exchange requested that the Commission waive the 30-day operative delay so that the proposal can become effective upon filing. The Exchange states that the proposal would not increase the current workflow imposed on OTP Holders and OTP Firms, but instead would shorten the time (from quarterly to monthly) within which OTP Holders and OTP Firms are required to make changes with respect to how they represent orders. Further, the Exchange states that the proposal is not a significant departure from the current requirements and OTP Holders and OTP Firms will continue, as they do today, to perform the requisite daily calculation to determine whether Customer orders should be designated as Professional Customer. Further, the Exchange states that the shortened time period will promote consistency in the treatment of orders as Professional Customer orders. For these reasons, and because the proposal does not raise any novel legal or regulatory issues, the Commission finds that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest. Accordingly, the Commission hereby waives the 30-day operative delay and designates the proposed rule change operative upon filing.¹⁸

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.

¹⁸ For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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-NYSEARCA-2026-65 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-NYSEARCA-2026-65. 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-NYSEARCA-2026-65 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.¹⁹

Vanessa A. Countryman,
Secretary.

¹⁹ 17 CFR 200.30-3(a)(12), (59).