SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-105957; File No. SR-NYSEAMER-2026-63]

Self-Regulatory Organizations; NYSE American LLC; Notice of Filing and Immediate Effectiveness of Proposed Change to Modify Rules 971.1NYP and 971.2NYP To Allow FLEX Options to Trade in its CUBE Auction for Single-Leg and Complex Orders

July 21, 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 July 9, 2026, NYSE American LLC ("NYSE American" or the "Exchange") filed with the Securities and Exchange Commission (the "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 modify Rules 971.1NYP and 971.2NYP to allow Flexible Exchange ("FLEX") Options to trade in its Customer Best Execution ("CUBE") Auction. The proposed rule change is 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

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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 modify Rules 971.1NYP (Single-Leg Electronic Cross Transactions) and 971.2NYP (Complex Electronic Cross Transactions) to allow FLEX Options to trade in its CUBE Auction[4] for single-leg and Complex Orders.[5] This proposal is competitive as it will expand CUBE Auction functionality in a manner consistent with similar price-improvement mechanisms for FLEX Options already available on other options exchanges.[6] As such, this proposal will allow the Exchange to compete with other options exchanges for FLEX order flow and will benefit market participants who are already familiar with these price-improvement mechanisms.

Overview of CUBE Auction Functionality

The CUBE Auction is the Exchange's paired auction with a price improvement mechanism

4 CUBE Auction is an electronic crossing mechanism for single-leg and complex orders with a price improvement auction on the Exchange. See Rules 971.1NYP and 971.2NYP. FLEX Options orders that are the subject of this proposed rule change would be traded electronically pursuant to the Exchange's rules governing the CUBE Auction.

5 As proposed, FLEX Options in the CUBE Auction would be available for single-leg interest, for Complex Orders, as defined in Rule 900.3NYP (f), and for non-conforming Complex CUBE Orders, as defined in Rule 971.2NYP(a)(1)(A)(vii).

6 See Cboe Exchange, Inc. ("Cboe") Rule 5.73 (describing its Automated Improvement Mechanism for simple and complex FLEX orders ("FLEX AIM")); and Nasdaq ISE, LLC ("ISE") Options 3A, Section 12 (describing its price improvement mechanism for simple and complex FLEX orders ("FLEX PIM")). While Cboe and ISE's CUBE-like auction mechanisms for FLEX Options are not identical, the Exchange believes that, for purposes of this proposal, they provide valid bases for comparison.

for single-leg and Complex Orders.[7] The Initiating Participant represents the CUBE Order as agent and guarantees its execution by submitting a Contra Order,[8] which may execute with the CUBE Order at a specified price or range of prices.[9]

Each CUBE Order must meet certain pricing requirements (the "initiating price") and will execute within certain parameters (the "range of permissible executions").[10] These pricing parameters are based on the NBBO in single-leg CUBE Auctions or the concept of the CUBE BBO in Complex CUBE Auctions.[11] The Exchange announces each CUBE Auction by a sending a Request for Response ("RFR") message to all ATP Holders who subscribe to receive such messages.[12] Properly marked "RFR Responses" may participate in the Auction[13] and include GTX Orders, which will execute with the CUBE Order to the extent possible and then cancel.[14]

The Exchange permits CUBE Auctions in the same option series or same complex strategy

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7 Although the Exchange describes CUBE Auction functionality for single-leg and complex interest in two separate rules, the Exchange utilizes the same mechanism to process all CUBE Auctions. Thus, references herein to "CUBE Auctions," "CUBE Orders," "Contra Orders," and "CUBE Auction functionality" include both single-leg and complex interest, unless otherwise specified.

8 The CUBE Order may be submitted on behalf of a public customer, broker dealer, or any other entity whereas the Contra Order represents principal interest or non-Customer interest solicited to trade solely with the CUBE Order. See paragraphs (a) and (a)(1) to Rules 971.1NYP and 971.2NYP.

9 All CUBE Orders may be guaranteed with a single stop price or an auto-match limit price; single-leg CUBE Orders may also be guaranteed by utilizing auto-match. See paragraph (a)(1) to Rules 971.1NYP and 971.2NYP.

10 See Rules 971.1NYP(a)(3)-(4) and 971.2NYP(a)(1)(A)(v)-(vi) (setting forth the initiating price and range of permissible executions). See also paragraph (b) to Rules 971.1NYP and 971.2NYP (setting forth additional CUBE Auction eligibility requirements).

11 See id.

12 See paragraph (c)(1) to Rules 971.1NYP and 971.2NYP (providing that the RFR will include an AuctionID and will identify the series or complex order strategy, as applicable, the side and size of the CUBE Order, and the initiating price).

13 See paragraph (c)(1)(C) to Rules 971.1NYP and 971.2NYP (providing that each RFR Response must be properly marked specifying the price, size and side of the market). RFR Responses may include unrelated quotes and orders not marked GTX that are resting on the Exchange or that arrive during the CUBE Auction and that are eligible to participate within the range of permissible executions specified for the Auction. See paragraph (c)(1)(C)(ii) to Rules 971.1NYP and 971.2NYP.

14 See paragraph (c)(1)(C)(i) to Rules 971.1NYP and 971.2NYP (defining GTX Orders).

to occur at the same time and, if multiple such Auctions are running concurrently, the Auctions will conclude sequentially, based on the time each CUBE Auction is initiated, unless an Auction concludes early.[15] A CUBE Auction will end early (i.e., before the Exchange-established "Response Time Interval")[16] if there is a trading halt in the affected series[17] or based on certain market updates.[18] At the conclusion of the Auction, the CUBE Order will execute within a range of permissible executions with the best-priced RFR Responses, or the Contra Order, as applicable.[19]

Proposed FLEX CUBE Auction functionality

FLEX Options are customized equity or index contracts that allow investors to tailor contract terms for exchange-listed equity and index options.[20] Currently, trading of FLEX Options ("FLEX trading") on the Exchange is conducted only in open outcry.[21] This proposal would allow electronic FLEX trading via the CUBE Auction mechanism, thus affording these options potential

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15 See paragraph (c) to Rules 971.1NYP and 971.2NYP (describing the Auction Process). The Exchange also permits single-leg and Complex CUBE Auctions involving the same option series to run concurrently. See Commentary .01 to Rules 971.1NYP and 971.2NYP.

16 See paragraph (c)(1)(B) to Rules 971.1NYP and 971.2NYP (providing that the Response Time Interval will last for a set duration within the parameters of no less than 100 milliseconds and no more than one (1) second, as determined by the Exchange and announced by Trader Update).

17 See paragraph (c)(2) to Rules 971.1NYP and 971.2NYP (Conclusion of Auction).

18 A CUBE Auction will conclude early only if, during the Auction, the Exchange receives an unrelated non-marketable order or quote on the same side of the market as the CUBE Order to buy (sell) that would adjust the lower (upper) bound of the range of permissible executions to be higher (lower) than the initiating price. See Rule 971.1NYP(c)(3). An Auction for a Complex CUBE Order to buy (sell) will conclude early if, during the Response Time Interval, the Exchange receives updates to the CUBE BBO as follows: (A) Any same-side interest that adjusts the CUBE BB (BO) to be higher (lower) than the initiating price; (B) Any opposite-side interest in the leg markets that adjusts the CUBE BO (BB) to be lower (higher) than the initiating price. See 971.2NYP(c)(3)(A)-(B).

19 See paragraph (c)(4) to Rules 971.1NYP and 971.2NYP (regarding the allocation of CUBE Orders). If the CUBE Order is not filled by price-improving interest, the Contra Order may be entitled to a 40% participation guarantee or some lesser percentage if a Surrender Quantity is specified. See Rules 971.1NYP(c)(4)(C) and 971.2NYP(c)(4)(C).

20 See generally Section 15, Rules 900G - 910G (setting forth rules applicable to FLEX Option trading in open outcry).

21 See id.

price improvement over the "initiating" price of an auction.[22] As proposed, the CUBE Auction process for FLEX Options would be the same as for non-FLEX options, except that FLEX Options submitted to the CUBE Auction would have (i) customized "flex" terms; (ii) distinct pricing requirements, (iii) a longer Response Time Interval, and (iii) a more restrictive definition of RFR Responses, as described below.[23]

Customized "FLEX Orders"

As proposed, a CUBE Order or a Complex CUBE Order that has customized contract terms (or "flex terms") can be designated as a "FLEX CUBE Order" or "FLEX Complex CUBE Order" (collectively, referred to herein as a "FLEX Order").[24] Each FLEX Order must include the following flex terms set forth in Rule 903G, except that all prices must be for a specified dollar[25] amount and the exercise style must be American or European,[26]i.e., different legs of a FLEX Complex CUBE Order can have different exercise styles but such style must be American or European. However, it is rare that such an order would have different exercise styles; they almost always have either American exercise or European exercise. In addition, consistent with Rule 903G, FLEX Options submitted to the CUBE Auction may not have identical terms as non-FLEX

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22 This proposal will not impact FLEX trades initiated from the Trading Floor which remain subject to Section 15, generally, and the "FLEX Request for Quotes" process set forth in Rule 904G (FLEX Trading Procedures and Principles), specifically.

23 See proposed Commentary .05 to Rules 971.1NYP ("FLEX CUBE Auctions") and 971.2NYP ("FLEX Complex CUBE Auctions") (collectively, "FLEX CUBEs"). As noted infra, the same mechanism processes both single-leg and Complex CUBE Auctions and will likewise process FLEX CUBEs.

24 See proposed Commentary .05(a) to Rules 971.1NYP and 971.2NYP.

25 All FLEX Options trading in a CUBE Auction proposed herein is conducted in U.S. dollars.

26 See proposed Commentary .05(a) to Rules 971.1NYP and 971.2NYP. These proposed limitations on pricing and exercise style are consistent with ISE's handling of FLEX Options traded electronically. See, e.g., ISE Options 3A, Section 4 (providing that bids and offers must be expressed in U.S. dollars and decimals) and Section 3(c)(3) (limiting exercise style to American or European). FLEX Options traded in open outcry are not subject to these limitations and may be expressed as a percentage of the price of the underlying and may have an exercise style that is "capped." See Rule 903G(a)(3)(i) and (a)(2)(iii), respectively.

options listed for trading. In other words, if at least one term of the FLEX Option series is different from an existing non-FLEX option series, it may be traded as a FLEX Order.[27]

Pricing of FLEX Orders ("flex pricing requirements")

By virtue of their customized (non-standard) nature, FLEX Options are not subject to a consolidated quoted market (e.g., the NBBO).[28] The Exchange also does not maintain an electronic book of FLEX trading.[29] The Exchange therefore proposes to adopt unique flex pricing requirements for FLEX Orders submitted to trade in the single-leg and Complex CUBE Auction as set forth below.

Single-Leg CUBE Auction of FLEX Orders

For FLEX Orders submitted to the single-leg CUBE Auction, the Exchange proposes flex pricing requirements that rely on the order's limit price, bound by one Trading Collar or "collar value," as calculated pursuant to Rule 900.3NYP(a)(4)(C) as follows.[30]

- The "initiating price" for a single-leg FLEX Order to buy (sell) will be equal to (i.e., the same as) its limit price,[31]i.e., the starting price of an Auction.
- The "range of permissible executions" for a FLEX CUBE Order to buy (sell) include prices equal to or between the initiating price as the upper (lower) bound and the initiating price

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27 See proposed Commentary .05(a) to Rules 971.1NYP and 971.2NYP.

28 Because FLEX Options are not subject to the NBBO, those provision in Rule 971.1NYP that rely on the NBBO do not apply to FLEX Orders submitted to the single-leg CUBE Auction. See, e.g., Rule 971.1NYP(b)(2), (5) and (6) (providing NBBO-related reasons for rejecting CUBE Orders) and Rule 971.1NYP(c)(3) (providing for the early end of CUBE Auctions based on arriving interest that impacts the NBBO-based range of permissible executions).

29 For non-FLEX options, the Exchange maintains the Consolidated Book, which is an electronic book of orders and quotes that are prioritized per Rule 964NYP. See Rule 900.2NY.

30 Trading Collars are described in Rule 900.3NYP(a)(4).

31 See proposed Commentary .05(a)(1) to Rule 971.1NYP. While both Cboe and ISE require that the Initiating Order and Agency Order be for a price in a permitted minimum increment and that the Initiating Order stop the Agency Order at a specified price, neither exchange utilizes the concepts of an initiating price or range of permissible executions. See Cboe Rule 5.73(a)(5) ("Minimum Increment") and (b) ("Stop Price"); and ISE Options 3A, Section 12(a)(5) ("Minimum Increment") and (b) ("Stop Price").

minus (plus) the amounts specified in Rule 900.3NYP(a)(4)(C) (the "collar value"), or $0.01 if the result of subtracting one collar value from the initiating price would be equal to or less than zero as the lower bound.[32] The proposal to rely on one collar value to establish an upper or lower trading boundary is not novel.[33]

The following example illustrates the processing of a single-leg CUBE Auction of a FLEX Order:

An incoming FLEX CUBE order arrives to Sell 100 @ $0.05 / Contra Auto-match Limit Buy 100 @ $0.50

- Initiating price (i.e., "RFQ") for the FLEX CUBE order = the limit price, or $0.05
- Collar value = $0.20
- Range of permissible executions = $0.05 - $0.25 (Proposed Rule 971.1NYP Commentary.05(a)(2)), where:
    - The lower bound for the Sell FLEX CUBE is the initiating price, or $0.05
    - The upper bound for the Sell FLEX CUBE is the initiating price plus the collar value, or $0.05 + $0.20 = $0.25

The CUBE Auction begins with an RFQ of $0.05

During the Auction, 2 RFR Responses are received

- RFR Response #1 is received: GTX order to Buy 25 @ $0.07
- RFR Response #2 is received: GTX order to Buy 20 @ $0.50

The FLEX CUBE Auction Timer ends with the following allocation:

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32 See proposed Commentary .05(a)(2) to Rule 971.1NYP.

33 See, e.g., Rule 980NYP(a)(5)(A) (providing, in the context of complex trading, that the Exchange may use the offer (bid) price of a leg, bound by one collar value (or $0.01), as the bid (offer) price in deriving the best bid or best offer for a complex strategy (i.e., the DBBO), if there is no reliable pricing information on one side of the market.

- The FLEX CUBE trades 20 contracts with RFR Response #2 and 20 contracts with the Contra @ $0.25
    - o RFR Response #2 trades at $0.25 instead of $0.50 because it is crossing the upper bound of the range of permissible executions ($0.05 - $0.25), so per rule, the GTX order is repriced to the upper bound and is eligible to participate in the auction (Rule 971.1NYP(c)(1)(C))
- The FLEX CUBE then trades 25 contracts with RFR Response #1 and 20 contracts with the Contra @ $0.07; and the remaining 15 contracts with the Contra @ $0.05 (the initiating price) (Rule 971.1NYP(c)(4)(D)(iii)(c))

Complex CUBE Auction of FLEX Orders

To establish the flex pricing requirements for FLEX Orders submitted to the Complex CUBE Auction, the Exchange proposes to derive a theoretical bid or offer (i.e., the dFBBO) using the prices of each leg of the complex strategy, bound by one collar value (i.e., the FLEX BBO) as described below.[34]

- dFBBO. The Exchange proposes to adopt the concept of a "dFBBO," which refers to the derived FLEX best net bid ("dFBB") and derived FLEX best net offer ("dFBO") for a complex strategy.[35] As proposed, the bid and offer prices used to calculate the dFBBO will be based on the "FLEX BBO" of each leg of the order.[36]

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34 While both Cboe and ISE require that both the Initiating Order and Agency Order be for a net price for the complex strategy and that the Initiating Order stop the Agency Order at a specified price, neither exchange utilizes the concepts of an initiating price or range of permissible executions. See Cboe Rule 5.73(a)(5) ("Minimum Increment") and (b) ("Stop Price"); and ISE Options 3A, Section 12(a)(5) ("Minimum Increment") and (b) ("Stop Price").

35 See proposed Commentary .05(b) to Rule 971.2NYP.

36 See proposed Commentary .05(b) to Rule 971.2NYP. Each FLEX Order submitted to the Complex CUBE Auction must be a Complex Order, as defined in Rule 900.3NYP(f) (defining "Complex CUBE Order"). See also proposed Commentary .05 to Rule 971.2NYP (providing that a Complex CUBE Order that has customized contract terms can be designated as a 'FLEX Complex CUBE Order'").

- FLEX BBO. As proposed, the "FLEX BBO" for each leg of the order will be based on the limit price of that leg bound by one collar value as follows.[37]
  - The FLEX BB for each sell leg will be equal to its limit price and the FLEX BO for each sell leg will be its limit price plus one collar value.[38]
  - The FLEX BO for each buy leg will be equal to its limit price, and the FLEX BB for each buy leg will be its limit price minus one collar value; or $0.01 if the result of subtracting one collar value from the limit price would be equal to or less than zero.[39]

Having derived a theoretical dFBBO for FLEX Orders submitted to the Complex CUBE Auction, the Exchange proposes:

- The "CUBE BBO" for a (Complex) FLEX Order to buy (sell) is equal to (i.e., the same as) the dFBBO.[40]
- The "initiating price" for a (Complex) FLEX Order to buy (sell) is the lower (higher) of its net price or the price that locks the CUBE BO (BB) as defined immediately above (i.e., the dFBBO).[41]

The following example illustrates the processing of a Complex CUBE Auction of a FLEX Order, up to the point of execution:

An incoming FLEX CUBE to Buy 100 @ $0.00 / Contra Sell 100 @ $-0.02, with the

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37 See proposed Commentary .05(b)(1) to Rule 971.2NYP.

38 See proposed Commentary .05(b)(1)(A) to Rule 971.2NYP.

39 See proposed Commentary .05(b)(1)(B) to Rule 971.2NYP.

40 See proposed Commentary .05(c) to Rule 971.2NYP.

41 See proposed Commentary .05(c)(1) to Rule 971.2NYP. Consistent with Complex CUBE Auction functionality, the "range of permissible executions" for a FLEX cCUBE Order to buy (sell) will include "prices equal to or between its initiating price as the upper (lower) bound and the CUBE BB (BO) as the lower (upper) bound." See Rule 971.2NYP(a)(1)(A)(vi).

following leg prices: Buy 1 FLEX Jan 25C @ $7.00 + Sell 7 FLEX June 25C @ $1.00.

- The Collar value on the leg price of the Buy 1 FLEX Jan25C @ $7.00 = $0.40
- The Collar value on the leg price of the Sell 7 FLEX June25C @ $1.00 = $0.20
- The FLEX BB for the Buy FLEX Jan25C equals the limit price of the buy leg minus the collar value, or $7.00 - $0.40 = $6.60
- The FLEX BO for the Buy FLEX Jan25C equals the limit price of the Buy FLEX Jan25C leg, or $7.00
    - Buy 1 FLEX Jan25C FLEX BBO = $6.60 x $7.00
- The FLEX BB for the Sell FLEX June25C equals the limit price of the Sell FLEX June25C leg, or $1.00
- The FLEX BO for the Sell FLEX June25C equals the limit price of the sell leg plus the collar value, or $1.00 + $0.20 = $1.20
    - Sell 7 FLEX June25C FLEX BBO = $1.00 x $1.20
- The CUBE BBO = the dFBBO (Proposed Rule 971.2NYP .05(c))
    - dFBBO: $-1.80 x $0.00
    - dFBB: 1*$6.60 - 7*($-1.20)
    - dFBO: 1*($-7.00) - 7*$1.00
- Initiating Price = $0.00 (Proposed Rule 971.2NYP .05(c)(1))
- Range of permissible executions = $-1.80 x $0.00 (Rule 971.2NYP (a)(1)(A)(vi))
    - The lower bound for the Buy FLEX Complex CUBE is the CUBE BB / (dfBB) = $-1.80
    - The upper bound for the Buy FLEX Complex CUBE is the initiating price = $0.00

- **The CUBE Auction begins** with an RFQ of $0.00

FLEX CUBE Auction Process

The Exchange will process FLEX Orders that meet the flex pricing requirements in accordance with Rules 971.1NYP and 971.2NYP, as applicable, except that, for FLEX CUBEs:

- The Response Time Interval will be no less than three seconds and no more than five minutes as determined by the Exchange and announced by Trader Update, unless there is a trading halt in the affected series,[42] which is the same duration utilized by other exchanges that offer CUBE-like auctions for FLEX Options.[43]
- RFR Responses to a FLEX CUBE Auction must be designated as single-leg GTX Orders in the same FLEX Option series, and RFR Responses to a FLEX Complex CUBE auction must be submitted as Complex GTX Orders on the opposite side of the market of the FLEX Complex CUBE Order and include each Flex option series contained in the original FLEX Complex CUBE Order,[44] which the Exchange believes is consistent with

[42] See proposed Commentary .05(b) to Rule 971.1NYP and proposed Commentary .05(d) to Rule 971.2NYP. See also paragraph (c)(2) to Rules 971.1NYP and 971.2NYP (a trading halt in the affected series ends the (non-FLEX) Auction early. In a non-FLEX CUBE, the Response Time Interval will last for a set duration within the parameters of no less than 100 milliseconds and no more than one (1) second, as determined by the Exchange and announced by Trader Update). See paragraph (c)(1)(B) to Rules 971.1NYP and 971.2NYP.

[43] See Cboe Rule 5.73(c)(3) ("FLEX AIM Auction Period") and ISE Options 3A, Section 12(c)(3) ("FLEX PIM Auction Period"). On Cboe and ISE, market participants that initiate the FLEX AIM or FLEX PIM also must specify its duration. See id. Rather than allow this discretion, the Exchange proposes to determine the duration of the Response Time Interval for FLEX CUBEs, just as it does for non-FLEX CUBEs.

[44] See proposed Commentary .05(c) to Rule 971.1NYP and proposed Commentary .05(e) to Rule 971.2NYP. For the avoidance of doubt, RFR Responses to a FLEX CUBE will never include unrelated quotes and orders that are not marked as GTX. See, e.g., paragraph (c)(1)(C)(ii) to Rules 971.1NYP and 971.2NYP (allowing certain unrelated quotes and orders to be treated as RFR Responses in non-FLEX CUBEs). See also paragraph (c)(1)(C)(i) to Rules 971.1NYP and 971.2NYP (defining GTX Orders and Complex GTX Orders, respectively).

the handling of responses by other exchanges that offer CUBE-like auctions for FLEX Options.[45]

Implementation

The Exchange will announce the implementation date of the proposed functionality by Trader Update, which, subject to effectiveness of this proposed rule change, will be no later than in the first quarter of 2027.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with Section 6(b) of the Act[46] in general, and furthers the objectives of Section 6(b)(5) of the Act.[47] Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5) requirements that the rules of an exchange be 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.

The Exchange believes that the adoption of the proposed rules for FLEX Options to trade in its CUBE Auction in the manner specified above is consistent with the goals of the Act to remove impediments to and perfect the mechanism of a free and open market because it will benefit market participants by providing an additional venue for market participants to provide

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45 See Cboe Rule 5.73(c)(5) ("FLEX AIM Responses") and ISE Options 3A, Section 12(c)(5) ("FLEX PIM Responses"). Like the Exchange's handling of GTX Orders, Cboe and ISE cancel any unexecuted portions FLEX AIM Responses or FLEX PIM Responses, as applicable, at the conclusion of the respective auction.

46 15 U.S.C. 78f(b).

47 15 U.S.C. 78f(b)(5).

and seek liquidity for FLEX Options. As the Commission noted in its order granting FLEX trading on Cboe and what was then the Pacific Stock Exchange (now NYSE Arca), trading FLEX Options on an exchange is an alternative to trading customized options in OTC markets and carries with it the advantages of exchange markets such as transparency, parameters and procedures for clearance and settlement, and a centralized counterparty clearing agency.[48] Therefore, the Exchange believes the proposed rule change will promote these same benefits for the market as a whole by providing an additional venue for market participants to trade customized FLEX Options. The Exchange believes that providing an additional venue for FLEX Options will be beneficial by increasing competition for order flow and executions.

The Exchange believes that the proposed FLEX CUBE functionality will remove impediments to and perfect the mechanism of a free and open market and protect investors and the public interest. The proposed functionality will offer market participants an auction mechanism for the execution of FLEX Options at potentially improved prices that is substantially similar to Cboe's FLEX AIM and ISE's FLEX PIM. The Exchange believes that the proposed rule change for the FLEX CUBE functionality will ensure a fair and orderly market by maintaining the priority of orders and protecting customer order priority orders, while still affording the opportunity for price improvement during each FLEX CUBE Auction commenced on the Exchange.

The general framework of the proposed FLEX CUBE functionality (such as the eligibility requirements, stop price requirements, auction process and conclusion, and execution provisions) are consistent with the frameworks for Cboe's FLEX AIM and ISE's FLEX PIM. The clarity in

48 See Securities Exchange Act Release No. 36841 (February 14, 1996), 61 FR 6666 (February 21, 1996) (SR-CBOE-95-43) (SR-PSE-95-24) (Order Approving the Trading of Flexibly Structured Equity Options by CBOE and PSE).

how FLEX CUBE functionality will function and its consistency with similar auctions at other exchanges will help promote a fair and orderly national options market system. For example, the proposed range for the length of the FLEX CUBE auction period is consistent with the range for the auction period of the Cboe's FLEX AIM. Like Cboe, the Exchange believes it is appropriate to provide a reasonable and sufficient amount of time in which market participants may submit responses because of the unique terms of FLEX Options. Therefore, the Exchange is proposing that the minimum length of a FLEX CUBE Auction be three seconds. The Exchange also proposes a maximum length of a FLEX CUBE auction period to be five minutes, as the Exchange also believes it is appropriate to provide for efficient and timely executions so that customers do not potentially miss a market. Additionally, the proposed flex pricing requirements provide clear and transparent guidance to market participants as to the handling of FLEX Orders submitted to the CUBE Auction. As noted herein, FLEX Options are not subject to a consolidated quoted market (e.g., the NBBO) and the Exchange does not maintain an electronic book of FLEX trading. Thus, the Exchange believes its proposed reliance on the limit price of the FLEX Order/Leg, bound by the one collar value, ensures that a FLEX Order will not execute outside of established boundaries.[49] As noted herein, the Exchange's proposed use of collar values to establish execution boundaries is also not new or novel.[50]

The Exchange further believes the proposed FLEX CUBE functionality will remove impediments to and perfect the mechanism of a free and open market and a national market system because it will enable the Exchange to compete on equal footing with other exchanges that offer market participants a CUBE-like mechanism for the execution of FLEX Options at

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49 See, e.g., Rule 980NYP(a)(5)(A) (allowing the Exchange to utilize the offer (bid) price of a leg, minus (plus) one collar value (or $0.01) to establish the bid (offer) price of a leg in certain circumstances).

50 See Rule 900.3NYP(a)(4).

potentially improved prices over the initiating price of an auction.[51] As noted herein, except for the differences specified, the proposed FLEX CUBEs would be processed in the same manner as CUBE Auctions are processed today -- i.e., in reliance on already-approved functionality set forth in Rules 971.1NYP and 971.2NYP.

In addition, the Exchange believes the proposed FLEX CUBE functionality would promote just and equitable principles of trade, 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 because it would provide another venue for FLEX Options to execute in an electronic price improvement auction. The Exchange also believes that the proposed rule change would not permit unfair discrimination among market participants, as all market participants may opt to trade FLEX Options in the CUBE 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 Exchange does not believe that its proposed rule change will impose any burden on intra-market competition as all market participants who wish to trade FLEX Options will be able to trade such options in the same manner, including by submitting FLEX Options to the CUBE Auction.

The Exchange does not believe that its proposed rule change will impose any burden on inter-market competition that is not necessary or appropriate in furtherance of the purposes of the Act. Rather, this proposal would support such competition by allowing the Exchange to offer additional functionality to its ATP Holders, thereby potentially attracting additional order flow to the Exchange. Further, as noted herein, this proposal is competitive as other options exchanges

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51 See generally Cboe Rule 5.73 and ISE Options 3A, Section 12.

already offer CUBE-like price improvement auctions for FLEX Options on their respective markets (i.e., Cboe and ISE). The Exchange believes that its proposal will allow it to compete on more equal footing with these exchanges by providing market participants with an additional venue on which to submit FLEX Options for auction. The Exchange notes that certain market participants may find it more convenient to access one exchange over another or may choose to concentrate volume on a particular exchange to maximize the impact of volume-based incentive programs or may prefer the trade execution services of one exchange over another.

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) of the Act[52] and Rule 19b-4(f)(6)[53] thereunder. 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; or (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[54] and Rule 19b-4(f)(6)[55] thereunder.

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

52 15 U.S.C. 78s(b)(3)(A).

53 17 CFR 240.19b-4(f)(6).

54 15 U.S.C. 78s(b)(3)(A).

55 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires the Exchange 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.

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 will institute proceedings under Section 19(b)(2)(B)[56] of the Act 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-NYSEAMER-2026-63 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-NYSEAMER-2026-63. 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

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56 15 U.S.C. 78s(b)(2)(B).

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-NYSEAMER-2026-63 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.[57]

Sherry R. Haywood,

Assistant Secretary.

[57] 17 CFR 200.30-3(a)(12).