

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-102765; File No. SR-NYSE-2025-10]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Its Price List

April 3, 2025.

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (“Act”)² and Rule 19b-4 thereunder,³ notice is hereby given that on March 31, 2025, New York Stock Exchange LLC (“NYSE” or the “Exchange”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend its Price List to adopt fees for orders routed pursuant to the Midpoint Ping routing strategy. The proposed rule change is available on the Exchange’s website at www.nyse.com, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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

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

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

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

1. Purpose

The Exchange proposes to amend the NYSE Price List to adopt fees for orders routed pursuant to the Midpoint Ping routing strategy, as defined in Rule 7.37(c)(9)(A). The Exchange proposes to implement the fee change effective April 1, 2025.

Background

The Exchange operates in a highly competitive market. The Securities and Exchange Commission ("Commission") has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system "has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies."⁴

While Regulation NMS has enhanced competition, it has also fostered a "fragmented" market structure where trading in a single stock can occur across multiple trading centers. When multiple trading centers compete for order flow in the same stock, the Commission has recognized that "such competition can lead to the fragmentation of order flow in that stock."⁵

⁴ See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) (File No. S7-10-04) (Final Rule) ("Regulation NMS").

⁵ See Securities Exchange Act Release No. 61358, 75 FR 3594, 3597 (January 21, 2010) (File No. S7-02-10) (Concept Release on Equity Market Structure).

Indeed, cash equity trading is currently dispersed across 16 exchanges,⁶ numerous alternative trading systems,⁷ and broker-dealer internalizers and wholesalers, all competing for order flow. Based on publicly available information, no single exchange currently has more than 20% market share.⁸ Therefore, no exchange possesses significant pricing power in the execution of cash equity order flow. More specifically, the Exchange's share of executed volume of equity trades in Tapes A, B and C securities combined is currently less than 12%.⁹

The Exchange believes that the ever-shifting market share among the exchanges from month to month demonstrates that market participants can move order flow, or discontinue or reduce use of certain categories of products. While it is not possible to know a firm's reason for shifting order flow, the Exchange believes that one such reason is because of fee changes at any of the registered exchanges or non-exchange venues to which a firm routes order flow. Accordingly, competitive forces constrain exchange transaction fees because market participants can readily trade on competing venues if they deem pricing levels at those other venues to be more favorable.

Proposed Rule Change

The Exchange has amended its rules to provide for the optional Midpoint Ping routing

⁶ See Cboe U.S Equities Market Volume Summary, available at https://markets.cboe.com/us/equities/market_share. See generally <https://www.sec.gov/fast-answers/divisionsmarketregmrexchangesshtml.html>.

⁷ See FINRA ATS Transparency Data, available at <https://otctransparency.finra.org/otctransparency/AtsIssueData>. A list of alternative trading systems registered with the Commission is available at <https://www.sec.gov/foia/docs/atlist.htm>.

⁸ See Cboe Global Markets U.S. Equities Market Volume Summary, available at http://markets.cboe.com/us/equities/market_share/.

⁹ See *id.*

strategy, which is available for MPL-IOC Orders.¹⁰ An MPL-IOC Order designated with the Midpoint Ping routing strategy would first check the Exchange Book for available shares. Any remaining quantity of the order would then route as an MPL-IOC Order to one or more other NYSE Group equity exchanges sequentially, in accordance with the Exchange’s routing table (as described in Rule 7.37(c)(9) and published on the Exchange’s website). At each routing destination, the order would check the book for available shares, and any further unexecuted quantity would then route to the next destination on the routing table, as applicable. Any shares that remain unexecuted after the order has been routed to each destination on the routing table (to the extent that there were shares remaining to be routed) will be cancelled.

In connection with the upcoming availability of the Midpoint Ping routing strategy on April 7, 2025,¹¹ the Exchange proposes to amend the NYSE Price List to adopt routing fees that will apply to orders routed pursuant to the Midpoint Ping routing strategy.

- Under “Transactions in stocks with a per share stock price of \$1.00 or more,” in “Routing Fee - per share,” the Exchange proposes to add new rule text to provide for a routing fee of “\$0.0030 for orders routed pursuant to the Midpoint Ping routing strategy (as defined in Rule 7.37(c)(9)(A)).”¹²
- In the section titled “Transaction Fees and Credits For Tape B and C Securities” in the first bullet under “Routing Fees,” relating to securities at or above \$1.00, the

¹⁰ See Rule 7.37(c)(9)(A); see also Securities Exchange Act Release No. 102603 (March 11, 2025), 90 FR 12382 (March 17, 2025) (SR-NYSE-2025-06).

¹¹ See <https://www.nyse.com/trader-update/history#110000947845>.

¹² For orders in securities priced below \$1.00 routed pursuant to the Midpoint Ping routing strategy, the routing fee of 0.3% of total dollar value of the transaction set forth in the table under the section titled “Transactions in stocks with a per share stock price less than \$1.00” in “Routing Fee – per share in any stock with a per share stock price below \$1.00” will apply.

Exchange proposes to add text specifying “\$0.0030 per share for orders routed pursuant to the Midpoint Ping routing strategy (as defined in Rule 7.37(c)(9)(A)).”¹³

The Exchange believes that this routing functionality would offer member organizations the opportunity to access midpoint liquidity on other trading venues (and, specifically, on the Exchange’s affiliated equity exchanges). This routing functionality is completely optional, and member organizations can readily select from among various providers of routing services, including other exchanges and non-exchange venues. Member organizations that choose not to utilize this routing strategy would continue to be able to trade on the Exchange as they currently do.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,¹⁴ in general, and furthers the objectives of Sections 6(b)(4) and (5) of the Act,¹⁵ in particular, because it provides for the equitable allocation of reasonable dues, fees, and other charges among its members, issuers and other persons using its facilities and does not unfairly discriminate between customers, issuers, brokers or dealers.

As discussed above, the Exchange operates in a highly competitive market. The Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO

¹³ For orders in securities priced below \$1.00 routed pursuant to the Midpoint Ping routing strategy, the routing fee of 0.30% of total dollar value of the transaction set forth in the second bullet under “Routing Fees” will apply.

¹⁴ 15 U.S.C. 78f(b).

¹⁵ 15 U.S.C. 78f(b)(4) and (5).

revenues and, also, recognized that current regulation of the market system “has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.”¹⁶ While Regulation NMS has enhanced competition, it has also fostered a “fragmented” market structure where trading in a single stock can occur across multiple trading centers. When multiple trading centers compete for order flow in the same stock, the Commission has recognized that “such competition can lead to the fragmentation of order flow in that stock.”¹⁷

The Exchange believes that the ever-shifting market share among the exchanges from month to month demonstrates that market participants can shift order flow, or discontinue or reduce use of certain categories of products, in response to fee changes. Accordingly, changes to exchange transaction fees can have a direct effect on the ability of an exchange to compete for order flow.

The Midpoint Ping routing strategy is intended to provide member organizations with the option to, after interacting with interest on the Exchange Book, route remaining quantities of MPL-IOC Orders to other NYSE Group equity exchanges. This routing functionality is provided by the Exchange on a voluntary basis, and no rule or regulation requires that the Exchange offer it. Nor does any rule or regulation require market participants to route orders in this manner. As noted above, the Exchange operates in a highly competitive market in which market participants can readily select between various providers of routing services with different product offerings and different pricing. The Exchange believes the proposed fees are reasonable, as they are within the range of other routing fees the Exchange currently charges.

¹⁶ See supra note 4.

¹⁷ See supra note 5.

The Exchange believes its proposal equitably allocates its fees among market participants. The Exchange believes that the proposal represents an equitable allocation of fees because it would apply uniformly to all member organizations, in that all member organizations will have the ability to utilize the Midpoint Ping routing strategy, and each such member organization would be charged the proposed fee when utilizing the functionality. Without having a view of member organizations' activity on other exchanges and off-exchange venues, the Exchange has no way of knowing whether this proposed rule change would serve as a disincentive to utilize the order type. However, the Exchange believes that a number of member organizations would seek to utilize the functionality, which would facilitate access to midpoint liquidity on other trading venues.

The Exchange reiterates that the routing functionality offered by the Exchange is completely optional and that the Exchange operates in a highly competitive market in which market participants can readily select between various providers of routing services with different product offerings and different pricing. The Exchange believes that the proposed fee structure for orders routed pursuant to the Midpoint Ping routing strategy is a fair and equitable approach to pricing.

The Exchange believes that the proposal is not unfairly discriminatory. The Exchange believes it is not unfairly discriminatory as the proposal to charge a fee would be assessed on an equal basis to all member organizations that use the Midpoint Ping routing strategy. Moreover, this proposed rule change neither targets, nor will it have a disparate impact on, any particular category of market participant. The Exchange believes that this proposal does not permit unfair discrimination because the changes described in this proposal would be applied to all similarly situated member organizations. Accordingly, no member organization already operating on the

Exchange would be disadvantaged by the proposed allocation of fees. The Exchange further believes that the proposed rule change would not permit unfair discrimination among member organizations because the Midpoint Ping routing strategy would remain available to all member organizations on an equal basis, and each such participant would be charged the same fee for using the functionality.

Finally, the submission of orders to the Exchange is optional for member organizations in that they could choose whether to submit orders to the Exchange and, if they do, the extent of its activity in this regard. The Exchange believes that it is subject to significant competitive forces, as described below in the Exchange's statement regarding the burden on competition.

For the foregoing reasons, the Exchange believes that the proposal is consistent with the Act.

B. Self-Regulatory Organization's Statement on Burden on Competition

In accordance with Section 6(b)(8) of the Act,¹⁸ the Exchange believes that the proposed rule change would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes that the proposed change furthers the Commission's goal in adopting Regulation NMS of fostering integrated competition among orders, which promotes "more efficient pricing of individual stocks for all types of orders, large and small."¹⁹ The Exchange does not believe that the proposed fee change represents a significant departure from previous pricing offered by the Exchange or pricing offered by the Exchange's competitors. Member organizations may opt to disfavor the Exchange's pricing if they believe that alternatives offer them better value. Accordingly, the Exchange does not

¹⁸ 15 U.S.C. 78f(b)(8).

¹⁹ See supra note 4.

believe that the proposed change will impair the ability of member organizations or competing venues to maintain their competitive standing in the financial markets.

Intramarket Competition. The Exchange believes the proposed amendment to its Price List would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Midpoint Ping routing strategy is available to all member organizations, and all member organizations that use the functionality to route their orders would be charged the proposed fee. This routing functionality is provided by the Exchange on a voluntary basis, and no rule or regulation requires that the Exchange offer it. Member organizations have the choice whether or not to use the Midpoint Ping routing strategy, and those that choose not to utilize it will not be impacted by the proposed rule change. The Exchange also does not believe the proposed rule change would impact intramarket competition, as the proposed fee would apply equally to all member organizations that choose to utilize the Midpoint Ping routing strategy, and therefore the proposed change would not impose a disparate burden on competition among market participants on the Exchange.

Intermarket Competition. The Exchange operates in a highly competitive market in which market participants can readily choose to send their orders to other exchange and off-exchange venues if they deem fee levels at those other venues to be more favorable. As noted above, the Exchange's market share of intraday trading is currently less than 12%. In such an environment, the Exchange must continually adjust its fees and rebates to remain competitive with other exchanges and with off-exchange venues. Because competitors are free to modify their own fees and credits in response, and because market participants may readily adjust their order routing practices, the Exchange does not believe its proposed fee change can impose any burden on intermarket competition.

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)(ii) of the Act,²⁰ and Rule 19b-4(f)(2) thereunder²¹ the Exchange has designated this proposal as establishing or changing a due, fee, or other charge imposed on any person, whether or not the person is a member of the self-regulatory organization, which renders the proposed rule change effective upon filing. 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.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-NYSE-2025-10 on the subject line.

²⁰ 15 U.S.C. 78s(b)(3)(A)(ii).

²¹ 17 CFR 240.19b-4.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.

All submissions should refer to file number SR-NYSE-2025-10. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright

protection. All submissions should refer to file number SR-NYSE-2025-10 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.²²

Sherry R. Haywood,

Assistant Secretary.

²² 17 CFR 200.30-3(a)(12).