

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-102960; File No. SR-NYSE-2025-16]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Exchange Rules 1400 and 1401

April 30, 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 April 28, 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 and II 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 Exchange Rules 1400 and 1401 relating to trading unlisted debt securities on the NYSE BondsSM platform. 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

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

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

NYSE Bonds is an electronic order-driven matching system for fixed income securities to which Exchange members and member organizations subscribe and through which they enter and match customer bond orders on a strict price and time priority basis. NYSE Bonds provides member subscribers with access to the order book in each bond which displays orders and in the time sequence received. Upon execution, trades are submitted for clearing to the Depository Trust Clearing Corporation. NYSE Bonds centralizes bond trading and publishes a real-time bond data feed to NYSE Bonds customers and subscribers that reflects all orders in time sequence on the NYSE Bonds order book. NYSE Bonds primarily serves the “small-lot” corporate bond market. Small-lot bond buyers and sellers are primarily individuals, bank trust accounts, and small institutions. In addition, bond dealers use NYSE Bonds to offset so-called “tail-end” bond positions acquired in the course of large-lot trading. NYSE Bonds is the only system that provides the public with real-time disclosure of quotations and trade prices, exclusive of mark-ups/mark-downs, commissions, or other charges.

NYSE Rules 1400 and 1401 set forth requirements for trading Debt Securities. Rule 1400 defines the term “Debt Securities” as any unlisted note, bond, debenture or evidence of

indebtedness that is: (1) statutorily exempt from the registration requirements of Section 12(b)⁴ of the Exchange Act, or (2) eligible to be traded under a Securities and Exchange Commission (“Commission”) exemptive order.⁵ Rule 1401 specifies the qualitative and quantitative standards that must be met for unlisted Debt Securities to be initially and continually traded on NYSE Bonds. Among other things, these standards specify that only unlisted Debt Securities with an outstanding market value or principal amount of at least \$5 million will be permitted to be traded by NYSE members and member organizations, and that such trading will be suspended if a) the market value or principal amount falls below \$1 million, or b) the Debt Securities either: 1) no longer qualify for a statutory exemption from the registration requirements of Section 12(b) of the Exchange Act, or 2) may no longer be traded by NYSE members and member organizations on an unregistered basis pursuant to the 2006 Order.

On April 12, 2024, the Exchange submitted an application to request further exemptive relief from the Commission. In its application, the Exchange requested that the Commission extend the relief granted in the 2006 Order and allow NYSE members and member organizations to trade debt securities not registered under the Exchange Act on NYSE Bonds, subject to certain conditions. One of those conditions is that an issuer of the debt securities, or the issuer’s parent if the issuer is a wholly-owned subsidiary, has at least one class of common or preferred equity securities that is: (i) registered under Section 12(b) of the Exchange Act; and (ii) listed on the

⁴ 15 U.S.C. 781(b).

⁵ See Securities Exchange Act Release No. 54766 (November 16, 2006), 71 FR 67657 (November 22, 2006) (the “2006 Order”). Under the 2006 Order, among other things, the issuer of the debt security must have at least one class of common or preferred equity security listed on the Exchange. Further, for purposes of NYSE Rule 1400(2), the term Debt Securities includes only securities that, if they were to be listed on the NYSE, would be listed under Sections 102.03 or 103.05 of the NYSE's Listed Company Manual, except that such securities shall not include any security that is defined as an “equity security” under Section 3(a)(11) of the Exchange Act; the term Debt Securities also does not include a security that, if listed on the NYSE, would have been listed under Section 703.19 of the NYSE's Listed Company Manual or any equity-linked debt securities listed under Rule 5P. See NYSE Rule 1400.

NYSE. The Exchange's application sought to amend the 2006 Order by revising part (ii) of this condition so that debt securities not registered under the Exchange Act would be permitted to trade on NYSE Bonds if their issuer, or the issuer's parent if the issuer is a wholly-owned subsidiary, has a class of common or preferred equity securities listed on any national securities exchange, not only the NYSE.

Further, in its application, the Exchange undertook that it would continue to provide the following information:

- (a) Provide definitions of "listed" debt securities and "traded" debt securities on NYSE Bonds and on the NYSE's website;
- (b) Identify on NYSE Bonds and on the NYSE's website whether a particular debt security is "listed" or "traded";⁶
- (c) Provide members and member organizations notification prior to the date that trading of the debt securities commences on NYSE Bonds to clarify the distinction between "listed" debt securities and "traded" debt securities and to provide notification that eligible debt securities will be traded on NYSE Bonds;
- (d) Issue a press release upon approval of this exemption request stating that "listed" debt securities would trade alongside "traded" debt securities on NYSE Bonds; and
- (e) Obtain corporate action information from IDS for debt securities covered by the request for exemptive relief.

⁶ The NYSE will distinguish debt securities "listed" on NYSE Bonds from those "traded" on NYSE Bonds in the following manner: (1) The Exchange will uniquely identify "listed" and "traded" debt securities on the NYSE Bonds Bond Directory located on the NYSE's website; (2) The Exchange will also make such information available on the NYSE Bonds Security Master File on a daily basis through ICE Data Services ("IDS"); and (3) The Exchange will publish a Trader Update to notify members and member organizations each time a debt security becomes available to trade on NYSE Bonds.

With respect to undertaking (e), IDS, an affiliate of the Exchange, is a bond issue tracking service that provides the NYSE a customized on-line reference for corporate actions relevant to bonds. The tracking system provides information and data electronically to the NYSE, and provides:

- Notification of calls (redemptions) of traded bonds,
- Notification of tender offers for traded bonds,
- Notice of defaults in payment of interest on traded bonds,
- Notice of consent solicitations for traded bonds, and
- Notice of corporate actions for traded bonds (includes tender offers, issuer name changes, CUSIP number changes).⁷

The Exchange's application was approved for publication by the Commission on October 29, 2024.⁸ In the 2025 Notice, the Commission proposed one additional undertaking, i.e., that the NYSE monitor daily the delisting of equity securities of each issuer whose debt securities are listed for trading on NYSE Bonds or, if the issuer of the debt securities is a wholly-owned subsidiary, equity securities of the issuer's parent company. The Commission received one comment letter, which supported the Exchange's application.⁹

On February 26, 2025, the Commission granted the exemptive relief¹⁰ subject to the one

⁷ The tracking system does not provide notification of changes in trustees, obligors or transfer agents with respect to traded debt securities. NYSE receives this information electronically from IDS on a daily basis. IDS independently obtains, researches and organizes the information. The NYSE does not itself verify the information provided by IDS.

⁸ See Securities Exchange Act Release No. 34-101468 (October 29, 2024), 89 FR 87668 (November 4, 2024) (Notice of an Application of the New York Stock Exchange LLC for an Exemption Pursuant to Section 36 of the Securities Exchange Act of 1934) (the "2025 Notice").

⁹ Letter from Thomas M. Merritt, Virtu Financial, Inc. (Dec. 2, 2024), available at <https://www.sec.gov/comments/s7-2024-07/s7202407-544515-1559362.pdf>.

¹⁰ See Securities Exchange Act Release No. 102490 (February 26, 2025), 90 FR 11194 (March 4, 2025) (Order Under Section 36 of the Securities Exchange Act of 1934 Granting the New York Stock Exchange LLC's Application To Amend a Conditional Exemption From Section 12(a) of the Exchange Act) (the

additional undertaking that the Commission proposed in the 2025 Notice. The granting of the exemptive relief paves the way for the Exchange to commence trading in a greater number of debt securities on the Exchange’s NYSE Bonds platform.

The purpose of this proposed rule change is to amend Exchange Rules 1400 and 1401 to accommodate the 2025 Order. Specifically, the Exchange proposes to add reference to the Securities Exchange Act citation for the 2025 Order and adopt a more general reference to describe both the 2006 Order and the 2025 Order by replacing the defined term “2006 Order” with “SEC Orders” throughout Rules 1400 and 1401. The proposed revision is intended to reflect the relief provided by the Commission in the 2006 Order and in the 2025 Order. The Exchange also proposes to replace the words “the New York Stock Exchange” from the text of Rule 1400(b) with “a registered national securities exchange” to reflect the exemptive relief granted in the 2025 Order.¹¹

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Exchange Act,¹² in general, and furthers the objectives of Section 6(b)(5) of the Exchange Act,¹³ in particular, because 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 regulating, clearing, settling, processing information with

“2025 Order”).

¹¹ The Exchange also proposes a non-substantive change to replace the name “Automated Bond System, or ABS” with “NYSE Bonds” in Rule 1400. Automated Bond System is the legacy name of the Exchange’s bond platform. The ABS platform was re-named NYSE Bonds in 2007. The Exchange, however, inadvertently failed to make the name change in Rule 1400, as it did in Rule 86, when it filed to establish NYSE Bonds. See Securities Exchange Act Release No. 55496 (March 20, 2007), 72 FR 14631 (March 28, 2007) (SR-NYSE-2006-37). The Exchange proposes to correct the oversight at this time.

¹² 15 U.S.C. 78f(b).

¹³ 15 U.S.C. 78f(b)(5).

respect to, and facilitating transactions in securities, to remove impediments to, and perfect the mechanisms of, a free and open market and a national market system and, in general, to protect investors and the public interest and because it is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers. The Exchange believes the proposed rule changes are consistent with these principles in that they seek to expand the number of Debt Securities that can be traded on the NYSE, thereby benefitting investors with increased transparency and choice with respect to secondary market trading.

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

In accordance with Section 6(b)(8) of the Exchange Act,¹⁴ 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 Exchange Act. Instead, the Exchange believes that the proposed change would contribute to competition because it would expand investor choices on NYSE Bonds and allow the Exchange to compete better with ATSs that already have the ability to trade Debt Securities that is the subject of the Exchange's proposed rule change. The proposed rule change would also facilitate additional bond transactions on a national securities exchange, which would contribute to greater price transparency.

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.

¹⁴ 15 U.S.C. 78f(b)(8).

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)(iii) of the Act¹⁵ and Rule 19b-4(f)(6) thereunder.¹⁶ Because the 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 prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6)(iii) thereunder.¹⁷

At any time within 60 days of the filing of such 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 under Section 19(b)(2)(B)¹⁸ 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:

¹⁵ 15 U.S.C. 78s(b)(3)(A)(iii).

¹⁶ 17 CFR 240.19b-4(f)(6).

¹⁷ 17 CFR 240.19b-4(f)(6)(iii). 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 has satisfied this requirement.

¹⁸ 15 U.S.C. 78s(b)(2)(B).

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-2025-16 on the subject line.

Paper Comments:

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

All submissions should refer to file number SR-NYSE-2025-16. 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-2025-16 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

Sherry R. Haywood,

Assistant Secretary.

¹⁹ 17 CFR 200.30-3(a)(12).