

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104887; File No. SR-NYSE-2026-11]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to amend Rule 7.35B(g)(2)

February 25, 2026.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on February 12, 2026, New York Stock Exchange LLC (“NYSE” 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 amend Rule 7.35B(g)(2) to permit Designated Market Makers to utilize an Auction Price for a Closing Auction in a listed ETP outside the parameters set forth in that rule based on a proprietary calculation of the ETP’s end-of-day net asset value. 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

¹ 15 U.S.C. 78s(b)(1).

² 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 Rule 7.35B(g)(2) to permit Designated Market Makers (“DMM”) to utilize an Auction Price for a Closing Auction in a listed ETP outside the parameters set forth in that rule based on a proprietary calculation of the ETP’s end-of-day net asset value.

Background and Proposed Rule Change

Rule 7.35B sets forth certain responsibilities of DMMs with respect to Closing Auctions. In particular, Rule 7.35B(g) provides that the DMM is responsible for determining the Auction Price for a Closing Auction and mandates that the Auction Price must be at or between the last-published Imbalance Reference Price, which is the Exchange Last Sale Price bound by the Exchange BBO,³ and the last-published non-zero Continuous Book Clearing Price, which is the price at which all better-priced orders eligible to trade in the Closing Auction on the Side of the Imbalance can be traded.⁴ Rule 7.35B promotes determinism with respect to the Closing Auction because the Closing Auction Price must be within the predetermined range of prices that have been disseminated via the Closing Auction Imbalance Information and that cannot be changed after the end of Core Trading Hours.

³ See Rule 7.35B(e)(3).

⁴ See Rule 7.35(a)(4)(C). In the case of a buy Imbalance, the Continuous Book Clearing Price would be the highest potential Closing Auction Price and in the case of a sell Imbalance, the Continuous Book Clearing Price would be the lowest potential Closing Auction Price.

Unlike operating company securities listed on the Exchange, the value of ETPs are derived from the underlying assets owned. The end-of-day net asset value (“NAV”) of an ETP is a daily calculation based off the most recent closing prices of the underlying assets and an accounting of the ETP’s total cash position at the time of calculation. The NAV generally is calculated by taking the sum of fund assets, including any securities and cash, subtracting liabilities, and dividing by the number of outstanding shares. Additionally, ETPs are generally subject to a creation and redemption mechanism to ensure that an ETP’s price does not fluctuate too far away from NAV, which mechanisms mitigate the potential for exchange trading to impact the price of an ETP.

ETP pricing is based on an “arbitrage function” performed by market participants that affects the supply of and demand for ETP shares and, thus, ETP prices. The arbitrage function is effectuated by creating new ETP shares and redeeming existing ETP shares based on investor demand; thus, ETP supply is largely open-ended. As the Commission has acknowledged, the arbitrage function helps to keep an ETP’s price in line with the value of its underlying portfolio, i.e., it helps to minimize deviation from NAV.⁵ Indeed, in analyzing the arbitrage mechanism in the case of ETFs, a type of ETP, the Commission noted that “the deviation between the market price of ETFs and NAV per share has generally been relatively small.”⁶ Generally, the higher the liquidity and trading volume of an ETP, the more likely the ETP’s price will not deviate from

⁵ See Securities Exchange Act Release No. 75165, 80 FR 34729, 34733 (June 17, 2015) (S7-11-15) (arbitrage “generally helps to prevent the market price of ETP Securities from diverging significantly from the value of the ETP’s underlying or reference assets”). See also generally *id.*, 80 FR at 34739 (“In the Commission’s experience, the deviation between the daily closing price of ETP Securities and their NAV, averaged across broad categories of ETP investment strategies and over time periods of several months, has been relatively small[,]” although it had been “somewhat higher” in the case of ETPs based on international indices.).

⁶ See Release Nos. 33-10695; IC-33646; File No. S7-15-18 (ETFs) (September 25, 2019), 84 FR 57162, 57173 (October 24, 2019) (the “Rule 6c-11 Release”).

the value of its underlying portfolio. DMMs registered in ETPs along with other market participants play a key role in this arbitrage function for ETPs listed on the Exchange.

At times, heading into the Closing Auction, ETPs with lower liquidity and trading volumes may see last sale prices that diverge from NAV as reflected in prices quoted on away markets. In other words, the official last sale price — which also serves as the reference price for auctions and is constrained by the Exchange’s BBO (the highest bid and lowest offer available at that moment) — may not align with away-market prices that more closely track NAV. By contrast, the Continuous Book Clearing Price, which reflects the price nearest to that last sale at which all buy and sell interest from both the continuous market and closing auction orders can be fully matched (i.e., zero imbalance), provides a real-time indication of a potential closing price that could be meaningfully away from NAV. For example, assume that ETP A has an NAV of \$25.00, and that away markets are quoting \$24.98 × \$25.02, reflecting pricing reasonably aligned with NAV. By contrast, assume that due to limited displayed liquidity on the Exchange, the Exchange’s BBO is \$24.90 × \$25.25, and the most recent on-Exchange transaction occurred at \$25.25, which establishes the official NYSE last sale and, accordingly, the Auction Reference Price. If there is a Buy Imbalance at \$25.25 and the Continuous Book Clearing Price is \$25.30, current Rule 7.35B(g) would require the DMM to close ETP A at a price within the range of \$25.25 to \$25.30, which is meaningfully higher than both ETP A’s NAV and the away market quotations.

In order to provide DMMs with flexibility to ensure that ETP pricing closely tracks the value of the underlying portfolio or reference assets as expressed by the NAV,⁷ the Exchange

⁷ See Securities Exchange Act Release No. 87056 (September 23, 2019), 84 FR 51205 (September 27, 2019) (SR-NYSE-2019-34).

proposes a narrow exception for ETPs to the constraint in Rule 7.35B(g) that a Closing Auction cannot occur at a price outside the last-published Imbalance Reference Price and the last-published non-zero Continuous Book Clearing Price.

As proposed, the Exchange would permit a DMM to price a Closing Auction in an ETP outside the rule parameters based on a DMM unit's proprietary calculation of the ETP's end-of-day NAV. DMM units utilizing this exception would have to establish policies and procedures reasonably designed to document and supervise the calculation of the proprietary NAV and the determination to utilize an Auction Price that is not at or between the last-published Imbalance Reference Price and the last-published non-zero Continuous Book Clearing Price based on that calculation. The Exchange expects that the vast majority of Closing Auctions will continue to be priced at or between the last-published Imbalance Reference Price and Continuous Book Clearing Price, and that this narrow exception for ETPs will be used sparingly and with ample justification by DMM units.

Trading on the Exchange is subject to a comprehensive regulatory program that includes a suite of surveillances administered by the Exchange as well as cross-market surveillances administered by the Financial Industry Regulatory Authority ("FINRA") on behalf of the Exchange,⁸ which are designed to detect potential violations of Exchange rules and applicable federal securities laws. In addition,

Exchange members, including member organizations operating DMMs, are also subject to routine examinations by FINRA on behalf of the Exchange that may review, among other things, trading by DMMs and their associated persons as well as supervision, including the

⁸ FINRA conducts cross-market surveillances and member examinations on behalf of the Exchange pursuant to a regulatory services agreement. The Exchange is responsible for FINRA's performance under this regulatory services agreement.

policies and procedures in place at a DMM unit. The Exchange believes that, together, its regulatory program and the proposed supervision obligations set forth in the proposed rule for DMM units relying on the exception will provide reasonable safeguards to ensure that use of the proposed exception is both auditable by the Exchange and appropriately supervised in real time by the DMM unit, consistent with the prevention of fraudulent and manipulative acts and practices and the protection of investors and the public interest.

Finally, the Exchange believes the proposed exception is similar to the current exception in Rule 104(d)(1)(B), which permits certain “Aggressing Transactions” during the final ten minutes of trading. An “Aggressing Transaction” is a purchase (sale) that reaches across the market, i.e., when the DMM buys from the NYSE offer or sells to the NYSE bid, to trade as the contra-side to the Exchange published offer (bid), and is priced above (below) the last differently-priced trade on the Exchange and above (below) the last differently-priced published offer (bid) on the Exchange. Rule 104(d)(1)(B) prohibits Aggressing Transactions during the last ten minutes prior to the scheduled close of trading that would result in a new high (low) price for a security on the Exchange for the day at the time of the DMM’s transaction unless such transaction meets one of the three specified exceptions. In particular, Rule 104(d)(1)(B) provides a critical exception when such transactions are necessary to align the security’s price with an underlying or related asset, including matching a better bid or offer elsewhere. This flexibility is designed to prevent stale or inaccurate prices and to promote market efficiency.

The proposed limited exception to the requirement that Closing Auctions cannot occur outside specified parameters serves the same purpose. It would allow DMM units to align an ETP’s closing price with its NAV in rare cases where NAV falls outside the specified range in Rule 7.35B. This targeted flexibility is essential to maintaining price integrity and investor

confidence during one of the most consequential periods of the trading day. By ensuring that closing prices accurately reflect underlying value, the proposal supports transparency, stability, and the protection of investors, consistent with the Act's core objectives.

2. Statutory Basis

The Exchange believes that the proposal is consistent with Section 6(b) of the Act,⁹ in general, and furthers the objectives of Sections 6(b)(5) of the Act,¹⁰ 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 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.

Specifically, the Exchange believes that the proposal 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 protect investors and the public interest by enabling DMMs to more accurately price an ETP Closing Auction. As noted, the proposed exception would permit DMMs to utilize an Auction Price for a Closing Auction in a listed ETP outside the current rule parameters based on a proprietary calculation of an ETP's end-of-day NAV. The proposed exception would thereby permit DMMs to avoid a Closing Auction in an ETP at a price that satisfies current parameters but deviates from the value of its underlying portfolio, especially for ETPs that with lower liquidity and trading volumes, thereby potentially improving the quality

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(5).

of the Closing Auctions in ETPs on the Exchange. The Exchange believes that the proposed change would thus remove impediments to, and perfect the mechanism of, a free and open market and a national market system.

The Exchange believes that the proposal would not be inconsistent with the public interest and the protection of investors. As noted, the proposal would only permit DMMs to rely on the exception where the DMM establishes and maintains policies and procedures reasonably designed to document and supervise the calculation of the proprietary NAV and the determination to utilize an Auction Price that is not at or between the last-published Imbalance Reference Price and the last-published non-zero Continuous Book Clearing Price based on that calculation. In addition, as noted, trading on the Exchange is subject to a comprehensive regulatory program that includes a suite of surveillances that review trading by DMMs and other market participants on the Floor, including surveillances designed to monitor for compliance with the rules surrounding Closing Auctions, and routine examinations that includes reviews of the policies and procedures in place at member organizations operating DMM units. Based on the foregoing, the Exchange believes that, together, its regulatory program and the proposed supervision requirements provide reasonable safeguards to ensure that use of the proposed exception is both auditable by the Exchange and appropriately supervised in real time by the DMM unit, consistent with the prevention of fraudulent and manipulative acts and practices and the protection of investors and the public interest.

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

The Exchange does not believe that the proposed rule change will impose any burden on

competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change is not intended to address competitive issues but rather is concerned solely with enhancing the quality of the Auction Price for Closing Auctions in ETPs. The proposed rule change does not implicate any intermarket competition concerns because it relates to how the Exchange would facilitate auctions in Exchange-listed securities.

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)(iii) of the Act¹¹ and Rule 19b-4(f)(6) thereunder.¹² 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.

A proposed rule change filed under Rule 19b-4(f)(6)¹³ normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),¹⁴ the Commission may designate a shorter time if such action is consistent with

¹¹ 15 U.S.C. 78s(b)(3)(A)(iii).

¹² 17 CFR 240.19b-4(f)(6).). 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, 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.

¹³ 17 CFR 240.19b-4(f)(6).

¹⁴ 17 CFR 240.19b-4(f)(6)(iii).

the protection of investors and the public interest.

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)¹⁵ 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-NYSE-2026-11 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-2026-11. 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

¹⁵ 15 U.S.C. 78s(b)(2)(B).

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-NYSE-2026-11 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.¹⁶

Sherry R. Haywood,

Assistant Secretary.

¹⁶ 17 CFR 200.30-3(a)(12).