

1. Text of the Proposed Rule Change

- (a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² NYSE National, Inc. (“NYSE National” or “Exchange”) proposes to amend Rules 7.31, 7.37, and 7.44 to provide for the use of optional routing strategies available for MPL-IOC Orders and Type 1 Retail Orders.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1.

- (b) The Exchange does not believe that the proposed rule change will have any direct effect, or any significant indirect effect, on any other Exchange rule in effect at the time of this filing.

- (c) Not applicable.

2. Procedures of the Self-Regulatory Organization

Senior management has approved the proposed rule change pursuant to authority delegated to it by the Board of the Exchange. No further action is required under the Exchange’s governing documents. Therefore, the Exchange’s internal procedures with respect to the proposed change are complete.

The person on the Exchange staff prepared to respond to questions and comments on the proposed rule change is:

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

- (a) Purpose

The Exchange proposes to amend Rules 7.31 (Orders and Modifiers), 7.37 (Order Execution and Routing), and 7.44 (Retail Liquidity Program) to adopt the following optional routing strategies: (1) Midpoint Ping, available for MPL-IOC Orders, and (2) Retail Midpoint Ping, available for Type 1 Retail Orders.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

The Exchange first proposes to amend Rule 7.31(d)(3), which defines a Mid-Point Liquidity Order (“MPL Order”) as a Limit Order to buy (sell) that is not displayed and does not route, with a working price at the lower (higher) of the midpoint of the PBBO or its limit price. The Exchange proposes to add a parenthetical in the first sentence of Rule 7.31(d)(3) to clarify that MPL Orders do not route except as provided in Rule 7.31(d)(3)(D).

The Exchange next proposes to amend Rule 7.31(d)(3)(D), which defines an MPL-IOC Order. Rule 7.31(d)(3)(D) provides that, subject to its IOC instructions, an MPL-IOC Order otherwise follows the same trading and priority rules as an MPL Order,³ except that an MPL-IOC Order will be rejected if there is no PBBO or the PBBO is locked or crossed. An MPL-IOC Order cannot be designated ALO or with a Non-Display Remove Modifier. The Exchange proposes an additional sentence to the end of Rule 7.31(d)(3)(D) to provide that MPL-IOC Orders may be designated with a Midpoint Ping routing strategy, which would allow for the optional use of such routing strategy as further described below. This sentence would also specify that an MPL-IOC Order designated with the Midpoint Ping routing strategy would be accepted and routed pursuant to such strategy even if there is no PBBO or the PBBO is locked or crossed.⁴

The Exchange also proposes to amend Rule 7.44(f)(1), which defines a Type 1 Retail Order. The Exchange operates a Retail Liquidity Program that is intended to attract retail order flow to the Exchange and allow such order flow to receive potential price improvement at the midpoint or better. A Retail Order, as defined in Rule 7.44(a)(2), is an agency order or riskless principal order that meets the criteria of FINRA Rule 5320.03, originating from a natural person, and that is submitted to the Exchange by a Retail Member Organization (“RMO”), provided that no change is made to the terms of the order with respect to price or side of market and the order does not originate from a trading algorithm or any other computerized methodology.⁵ Rule 7.44(f)(1) currently defines a Type 1 Retail Order to buy (sell) as an MPL-IOC Order with a working price at the lower

³ An MPL Order is ranked Priority 3 - Non-Display Orders and is valid for any session. See Rule 7.31(d)(3).

⁴ An MPL-IOC Order ordinarily is rejected if there is no PBBO or if the PBBO is locked or crossed. The Exchange proposes that an MPL-IOC Order designated with the Midpoint Ping routing strategy would route (rather than be rejected) even if there is no PBBO or if the PBBO is locked or crossed. The Exchange proposes to continue to route MPL-IOC Orders designated with the Midpoint Ping routing strategy under these circumstances, given that market conditions may change between the time that the Exchange receives an order and the time that the order reaches a routing destination, so that such orders may still pursue opportunities for execution at Away Markets.

⁵ To become an RMO, an ETP Holder must submit an application form, supporting documentation to confirm that the RMO applicant’s order flow would meet the requirements of the Retail Order definition, and an attestation that substantially all orders submitted as Retail Orders will qualify as such. See Rule 7.44(b)(2).

(higher) of the midpoint of the PBBO or its limit price that trades only with available Retail Price Improvement Orders⁶ to sell (buy) and all other orders to sell (buy) with a working price below (above) or equal to the midpoint of the PBBO on the Exchange Book. A Type 1 Retail Order does not route, and the quantity of a Type 1 Retail Order to buy (sell) that does not trade with eligible orders to sell (buy) will be immediately and automatically cancelled. A Type 1 Retail Order would be cancelled on arrival if there is no PBBO or the PBBO is locked or crossed. Similar to the proposed change to Rule 7.31(d)(3)(D) above relating to MPL-IOC Orders, the Exchange proposes to add a new sentence at the end of current Rule 7.44(f)(1) to provide that a Type 1 Retail Order may be designated with the Retail Midpoint Ping routing strategy as proposed in this filing, and that a Type 1 Retail Order designated with such routing strategy would be accepted and routed pursuant to such strategy even if there is no PBBO or the PBBO is locked or crossed.⁷ The Exchange also proposes to add a parenthetical in the first sentence of Rule 7.44(f)(1) to clarify that Type 1 Retail Orders do not route except as specified in the Rule.

The Exchange proposes to amend Rule 7.37(b) and the subparagraphs thereunder, which describe how the Exchange routes orders to Away Markets, to provide for the Midpoint Ping and Retail Midpoint Ping routing strategies.

Rule 7.37(b)(3) currently provides that orders eligible to route will be routed to all available Away Markets unless the order includes an instruction to bypass Away Markets that are not displaying protected quotations. The Exchange proposes to amend this rule to further provide that orders eligible to route will be routed to all available Away Markets unless the order is designated with a routing strategy pursuant to new Rule 7.37(b)(9). As proposed below, orders designated with a routing strategy may include instructions to route only to certain Away Markets. Accordingly, this proposed change to Rule 7.37(b)(3) would add clarity to this rule in view of the routing strategies proposed in this filing.

Rule 7.37(b)(5) currently provides that, except for orders routed to the primary listing market on arrival pursuant to Rule 7.34 or designated to route to the primary listing market pursuant to Rule 7.31, orders routed to Away Market(s) will be sent as IOC ISOs. The Exchange proposes to amend this rule to include orders designated with a routing strategy pursuant to proposed Rule 7.37(b)(9) in this exception, as such orders would be routed in accordance with the selected routing strategy and would not necessarily be sent as IOC ISOs.

⁶ A Retail Price Improvement Order is an MPL Order that is eligible to trade only with incoming Retail Orders submitted by an RMO. See Rule 7.44(a)(3).

⁷ The Exchange proposes to continue to route Type 1 Retail Orders designated with the Retail Midpoint Ping routing strategy for the same reasons as it would continue route MPL-IOC Orders designated with the Midpoint Ping routing strategy under these circumstances. See note 4, supra.

The Exchange next proposes to add new Rule 7.37(b)(9) to provide for the use of optional routing strategies. Proposed Rule 7.37(b)(9) would provide that the routing strategies may be combined with available order types and times-in-force as specified. Proposed Rule 7.37(b)(9) would also introduce the term “routing table” to refer to the proprietary process for determining the specific trading venues to which the Exchange will route orders and the order in which it routes them.⁸ Finally, proposed Rule 7.37(b)(9) would provide that the Exchange reserves the right to maintain a different routing table for different routing options and to modify a routing table at any time without notice. The Exchange notes that several other equity exchanges already offer optional routing options like its proposed routing strategies, and proposed Rule 7.37(b)(9) is substantially similar to the comparable rules of such exchanges.⁹

Proposed Rules 7.37(b)(9)(A) and (B) would define the Midpoint Ping and Retail Midpoint Ping routing strategies, respectively.

Proposed Rule 7.37(b)(9)(A) would provide that the Midpoint Ping routing strategy would be available for MPL-IOC Orders. 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 (New York Stock Exchange, LLC, NYSE American, LLC, NYSE Arca, Inc., and/or NYSE Chicago, Inc.) sequentially, in accordance with the routing table. 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. The Exchange notes that the proposed Midpoint Ping routing strategy shares similarities with several routing options offered by other equity exchanges that provide midpoint routing functionality and/or route specifically to affiliated exchanges.¹⁰

⁸ As noted below, the proposed routing strategies would route only to other NYSE Group equity exchanges. However, the Exchange proposes that the “routing table,” as described in proposed Rule 7.37(b)(9), could include other trading venues, to the extent routing strategies the Exchange may offer in the future contemplate routing to other destinations. The Exchange will make publicly available the routing destinations that are available for a given routing strategy.

⁹ See, e.g., The Nasdaq Stock Market LLC (“Nasdaq”), Equity 4 Equity Trading Rules, Rule 4758(a)(1)(A); Nasdaq BX, Inc. (“BX”), Equity 4 Equity Trading Rules, Rule 4758(a)(1)(A); Nasdaq PHLX LLC (“PHLX”), Equity 4 Equity Trading Rules, Rule 3315(a)(1)(A); Cboe BZX Exchange, Inc. (“BZX”), Rule 11.13(b)(3); Cboe BYX Exchange, Inc. (“BYX”), Rule 11.13(b)(3); Cboe EDGA Exchange, Inc. (“EDGA”), Rule 11.11(g); Cboe EDGX Exchange, Inc. (“EDGX”), Rule 11.11(g).

¹⁰ See, e.g., BYX Rule 11.13(b)(3)(Q) (describing the RMPT and RMPL routing options, under which a Mid-Point Peg Order checks the originating book for available shares before any remaining shares are routed to destinations on the System routing table that support midpoint

Proposed Rule 7.37(b)(9)(B) would provide that the Retail Midpoint Ping routing strategy would be available for Type 1 Retail Orders. A Type 1 Retail Order designated with the Retail 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 (NYSE, NYSE American, LLC, NYSE Arca, Inc., and/or NYSE Chicago, Inc.) sequentially, in accordance with the routing table. 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. The Retail Midpoint Ping routing strategy is intended to provide midpoint routing functionality (like the proposed Midpoint Ping routing strategy as described above), and would route the remaining quantity of Type 1 Retail Orders as MPL-IOC Orders to trade with interest up to the midpoint on other NYSE Group equity exchanges, after executing against interest on the Exchange Book. The Exchange notes that offering routing strategies specifically for Retail Orders is not novel, as at least one other equity exchange offers a routing option only available to retail orders,¹¹ and that the Retail Midpoint Ping routing strategy otherwise does not substantially differ from existing routing options offered by other equity exchanges. The Retail Midpoint Ping routing strategy is also substantially the same as the Midpoint Ping routing strategy proposed in this filing, with the only difference being that the Retail Midpoint Ping routing strategy is available only to Type 1 Retail Orders.

Subject to effectiveness of this proposed rule change, the Exchange will implement this change no later than in the second quarter of 2025 and announce the implementation date by Trader Update.

(b) Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act,¹² in general, and furthers the objectives of Section 6(b)(5),¹³ in particular, because it is designed to prevent fraudulent and manipulative acts and practices, to promote

eligible orders); BZX Rule 11.14(b)(3)(O) (describing the ALLB routing option, which checks the originating order book for available shares before routing to other markets in the Cboe group of exchanges); BYX Rule 11.13(b)(3)(M) (same); EDGA Rule 11.11(g)(7) (same); EDGX Rule 11.11(g)(7) (same); Nasdaq Rule 4758(a)(1)(A)(xv) (describing the SCAR routing option, which checks the originating order book for available shares and routes to other markets in the Nasdaq group of exchanges); BX Rule 4758(a)(1)(A)(x) (same); PHLX Rule 3315(a)(1)(A)(x) (same).

¹¹ See, e.g., Nasdaq Rule 4758(a)(1)(A)(v) (describing RFTY routing option available for Designated Retail Orders).

¹² 15 U.S.C. 78f(b).

¹³ 15 U.S.C. 78f(b)(5).

just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to, and perfect the mechanism of, a free and open market and a national market system and, in general, to protect investors and the public interest.

The Exchange believes the proposed change 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 providing for the optional use of routing functionality similar to routing options already offered by other equity exchanges.¹⁴ The Midpoint Ping and Retail Midpoint routing strategies, as proposed, offer functionality similar to several routing options available on other equity exchanges that provide midpoint routing and/or route specifically to affiliated exchanges. The Retail Midpoint Ping routing strategy would be available specifically to retail order flow, like a routing option currently offered by another equity exchange. The Exchange further believes that the proposed change 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 because the proposed change would afford greater flexibility to market participants through the optional use of routing strategies facilitating access to midpoint liquidity at other trading venues. The Exchange also believes that the proposed change would promote just and equitable principles of trade and remove impediments to, and perfect the mechanism of, a free and open market and a national market system because it is intended to attract retail order flow to the Exchange, and the proposed change could also promote competition between the Exchange and other equity exchanges that offer similar routing options.

4. 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. As noted above, the Exchange believes that the proposed change could instead encourage competition by offering the optional use of routing strategies similar to those already offered by other equity exchanges, as well as by promoting additional trading opportunities (including for retail order flow, in particular).

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

The Exchange has neither solicited nor received written comments on the proposed rule change.

6. Extension of Time Period for Commission Action

¹⁴ See notes 10 & 11, supra.

The Exchange does not consent at this time to an extension of any time period for Commission action.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

The proposed rule change is effective upon filing pursuant to Section 19(b)(3)(A) of the Act¹⁵ and Rule 19b-4(f)(6) thereunder.¹⁶ The Exchange asserts that the proposed rule change (i) will not significantly affect the protection of investors or the public interest, (ii) will not impose any significant burden on competition, and (iii) by its terms, will not become operative for 30 days after the date of this filing, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest. Additionally, the Exchange provided the Commission with 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 the filing, or such shorter time as designated by the Commission.

The Exchange believes that the proposed rule change is a “non-controversial” rule change under paragraph (f)(6) of Rule 19b-4¹⁷ because it raises no novel issues. As noted above, the concept of routing orders to trading venues in accordance with a routing table is not novel, and the proposed Midpoint Ping and Retail Midpoint Ping routing strategies, although not identical to any existing routing options currently offered, provide for routing functionality currently offered by other equity exchanges.¹⁸ The use of the proposed routing strategies is also entirely voluntary, and market participants are free to access the trading venues to which the proposed routing strategies would send orders without the Exchange’s involvement. The proposed rule change therefore would not significantly affect the protection of investors or the public interest or impose a significant burden on competition, but would instead remove impediments to, and perfect the mechanism of, a free and open market and a national market system and promote just and equitable principles of trade by offering ETP Holders the option to use routing strategies providing access to midpoint liquidity on other trading venues, thereby encouraging competition among equity exchanges.

The Exchange respectfully requests that the Commission waive the 30-day operative delay, so that the proposed rule change may become effective and operative upon filing with the Commission pursuant to Section 19(b)(3)(A) of the

¹⁵ 15 U.S.C. 78s(b)(3)(A).

¹⁶ 17 CFR 240.19b-4(f)(6).

¹⁷ Id.

¹⁸ See notes 9, 10 & 11, supra.

Act¹⁹ and Rule 19b-4(f)(6)²⁰ thereunder. Waiver of the 30-day operative delay would allow the Exchange to make the proposed routing strategies available as soon as the technology associated with the proposed change is available, which is anticipated to be less than 30 days from the date of this filing. The Exchange believes that waiver of the operative delay would be consistent with the protection of investors and the public interest because the proposed change presents no novel issues and it would permit the Exchange to make these optional routing strategies available to ETP Holders as soon as the technology for such change could be implemented, which is anticipated in less than 30 days. Waiver of the operative delay would thus allow the Exchange to more expeditiously offer increased flexibility to ETP Holders and promote additional trading opportunities for all market participants.

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.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

Not applicable.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

Exhibit 1 – Form of Notice of Proposed Rule Change for Federal Register

Exhibit 5 – Text of Proposed Rule Change

¹⁹ 15 U.S.C. 78s(b)(3)(A).

²⁰ 17 CFR 240.19b-4(f)(6).