

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-102683; File No. SR-NYSENAT-2025-05)

March 14, 2025

Self-Regulatory Organizations; NYSE National, Inc.; Notice of Filing of Proposed Change to Amend Rules 7.37 and 7.44

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on March 12, 2025, NYSE National, Inc. (“NYSE National” 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 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 Rules 7.37 and 7.44 to provide for the use of an optional routing strategy available for Type 1 Retail Orders. The proposed 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 it received on the proposed rule change. The text of those statements may be examined at the

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 Rules 7.37 (Order Execution and Routing) and 7.44 (Retail Liquidity Program) to adopt the Retail Price Improvement Seeking routing strategy, an optional routing strategy available for Type 1 Retail Orders.

The Exchange first 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.³ 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 (higher) of the midpoint of the PBBO or its limit price that trades only with available Retail Price Improvement Orders⁴ to sell (buy) and all other orders to sell (buy)

³ To qualify as an RMO, an ETP Holder must conduct a retail business or route retail orders on behalf of another broker-dealer. See Rule 7.44(b)(1). 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).

⁴ 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).

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 (except as specified in Rule 7.44(f)(1)), 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.

The last sentence of Rule 7.44(f)(1) currently provides that a Type 1 Retail Order may be designated with the Retail Midpoint Ping routing strategy, 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. The Exchange proposes to amend this sentence to provide that a Type 1 Retail Order may also be designated with a Retail Price Improvement Seeking routing strategy.

The Exchange next proposes to amend Rule 7.37(b)(9) to add new subparagraph (C) providing for the Retail Price Improvement Seeking routing strategy. Proposed Rule 7.37(b)(9)(C) would provide that the Retail Price Improvement Seeking routing strategy would be available for Type 1 Retail Orders. A Type 1 Retail Order designated with the Retail Price Improvement Seeking routing strategy would first check the Exchange book for available shares. Any remaining quantity of the order would then route as a Retail Order⁵ to New York Stock Exchange, LLC (“NYSE”). Any shares that remain unexecuted after routing to NYSE will be cancelled. The Retail Price Improvement Seeking routing strategy is intended to offer any remaining quantity of Type 1 Retail Orders, after executing against interest on the Exchange Book, the opportunity to access liquidity on the NYSE, which also operates a retail liquidity

⁵ The requirements and obligations for NYSE National RMOs are the same as those for NYSE RMOs, as are the definitions of Retail Order on NYSE National and NYSE. See NYSE Rules 7.44(a)(2) (defining RMO); 7.44(a)(3) (defining Retail Order); 7.44(b) and 7.44(h) (describing RMO qualifications).

program.⁶ Type 1 Retail Orders routed to the NYSE with the Retail Price Improvement Seeking routing strategy would be able to interact with Retail Price Improvement Orders⁷ and other interest on the NYSE book as a Retail Order in the NYSE retail liquidity program, thereby providing such orders with additional price improvement opportunities.⁸ Type 1 Retail Orders designated with the Retail Price Improvement Seeking routing strategy will be routed to the NYSE by the Exchange’s routing broker, Archipelago Securities LLC (“ArcaSec”), on behalf of the NYSE National RMOs that originally submitted such orders, and ArcaSec will be qualified as an NYSE RMO under NYSE Rule 7.44(b) for purposes of routing such orders.⁹

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

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act,¹⁰ in general, and furthers the objectives of Section 6(b)(5),¹¹ in particular, because it is designed to prevent

⁶ See NYSE Rule 7.44.

⁷ See NYSE Rule 7.44(a)(4).

⁸ As proposed, Type 1 Retail Orders (which are MPL IOC Orders) routed pursuant to the Retail Price Improvement Seeking routing strategy would be converted to Limit IOC Orders to comport with the definition of Retail Order in the NYSE Retail Liquidity Program. See NYSE Rule 7.44(k) (“A Retail Order to buy (sell) is a Limit IOC Order that will trade only with available Retail Price Improvement Orders to sell (buy) and all other orders to sell (buy) with a working price below (above) the PBO (PBB) on the Exchange Book....”).

⁹ ArcaSec will rely on representations made by NYSE National RMOs with respect to their Retail Orders and is not responsible for verifying that orders routed pursuant to the Retail Price Improvement Seeking routing strategy satisfy the definition of a Retail Order under exchange rules.

¹⁰ 15 U.S.C. 78f(b).

¹¹ 15 U.S.C. 78f(b)(5).

fraudulent and manipulative acts and practices, to promote 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 that would offer Type 1 Retail Orders the opportunity to pursue additional price improvement opportunities on another market offering retail liquidity. Although the proposed routing strategy is not identical to any existing routing strategies offered by an equity exchange, the Exchange believes it is not dissimilar to routing options already offered by the Exchange, its affiliated exchanges, and/or other equity exchanges. The Retail Price Improvement Seeking routing strategy, as proposed, would be available specifically to retail order flow, like the Retail Midpoint Ping routing strategy currently offered on the Exchange and a routing option currently offered by another equity exchange,¹² and offers functionality similar to routing options available on the Exchange and other equity exchanges in that it would route orders to an affiliated exchange.¹³

¹² See, e.g., NYSE National Rule 7.37(b)(9)(B) (describing the Retail Midpoint Ping routing strategy, which is also available only to Type 1 Retail Orders); Nasdaq Rule 4758(a)(1)(A)(v) (describing RFTY routing option available for Designated Retail Orders).

¹³ See, e.g., NYSE National Rule 7.37(b)(9)(B) (describing the Retail Midpoint Ping routing strategy, which also routes to affiliated exchanges); NYSE National Rule 7.37(b)(9)(A) (describing the Midpoint Ping routing strategy, which routes to affiliated exchanges); NYSE Rule 7.37(c)(9)(A) (same); NYSE American, LLC Rule 7.37E(b)(9)(A) (same); NYSE Arca, Inc. Rule 7.37-E(b)(9)(A) (same); NYSE Chicago, Inc. Rule 7.37(b)(9)(A) (same); 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 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

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 it would afford greater flexibility to market participants through the optional use of a routing strategy providing retail order flow with the option to seek additional price improvement opportunities on another market offering retail liquidity. 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, including by facilitating additional opportunities for such order flow to receive potential price improvement on both the Exchange and on another market offering retail liquidity. The proposed change could also promote competition for retail order flow among execution venues, which would benefit retail investors by creating additional price improvement opportunities for marketable retail order flow on multiple public exchanges. The Exchange also believes that the proposed change would allow it to compete with other equity exchanges that similarly promote additional trading opportunities for retail order flow at the midpoint,¹⁴ as well as with other equity exchanges that offer similar routing options.

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).

¹⁴ See, e.g., Investors Exchange LLC (“IEX”) Rule 11.232 (describing the IEX Retail Program, which is designed to provide retail order flow with price improvement opportunities at the midpoint).

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. 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).

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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

A. by order approve or disapprove the proposed rule change, or

B. institute proceedings to determine whether the proposed rule change should be 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-NYSENAT-2025-05 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-NYSENAT-2025-05. 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-NYSENAT-2025-05 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.¹⁵

Vanessa A. Countryman,

Secretary.

¹⁵ 17 CFR 200.30-3(a)(12).