

# SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-102912; File No. SR-NYSENAT-2025-05]

## Self-Regulatory Organization; NYSE National, Inc.; Order Approving a Proposed Rule Change to Amend NYSE National Rules 7.37 and 7.44

April 22, 2025.

### I. Introduction

On March 12, 2025, NYSE National, Inc. (“NYSE National” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to amend NYSE National rules 7.37 and 7.44. The proposed rule change was published for comment in the Federal Register on March 20, 2025.<sup>3</sup> The Commission has received no comment letters on the proposed rule change. This order approves the proposed rule change.

### II. Description of the Proposal

The Exchange has proposed to amend NYSE National 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.

First, the Exchange proposed to amend NYSE National 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.<sup>4</sup> A Retail Order, as defined in NYSE National rule

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Securities Exchange Act Release No. 102683 (March 14, 2025), 90 FR 13231.

<sup>4</sup> See NYSE National rule 7.44 (Retail Liquidity Program).

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.<sup>5</sup> NYSE National rule 7.44(f)(1) 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 Orders<sup>6</sup> 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 (except as specified in NYSE National 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 is cancelled on arrival if there is no PBBO or the PBBO is locked or crossed.

The last sentence of NYSE National rule 7.44(f)(1) 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 will be accepted and routed pursuant to such strategy even if there is no PBBO or the PBBO is locked or crossed. The Exchange has proposed to amend

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<sup>5</sup> To qualify as an RMO, an ETP Holder must conduct a retail business or route retail orders on behalf of another broker-dealer. See NYSE National 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 NYSE National rule 7.44(b)(2).

<sup>6</sup> A Retail Price Improvement Order is an MPL Order that is eligible to trade only with incoming Retail Orders submitted by an RMO. See NYSE National rule 7.44(a)(3).

this sentence to provide that a Type 1 Retail Order may also be designated with a Retail Price Improvement Seeking routing strategy.

Second, the Exchange proposed to amend NYSE National rule 7.37(b)(9) to add new subparagraph (C) providing for the Retail Price Improvement Seeking routing strategy. NYSE National rule 7.37(b)(9)(C) will 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 will then route as a Retail Order<sup>7</sup> to the 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 program.<sup>8</sup> Type 1 Retail Orders routed to the NYSE with the Retail Price Improvement Seeking routing strategy will be able to interact with Retail Price Improvement Orders<sup>9</sup> and other interest on the NYSE book as a Retail Order in the NYSE retail liquidity program.<sup>10</sup> Type 1

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<sup>7</sup> 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).

<sup>8</sup> See NYSE rule 7.44.

<sup>9</sup> See NYSE rule 7.44(a)(4).

<sup>10</sup> As proposed, Type 1 Retail Orders (which are MPL IOC Orders) routed pursuant to the Retail Price Improvement Seeking routing strategy will 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....”).

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, according to the Exchange, ArcaSec will be qualified as an NYSE RMO under NYSE rule 7.44(b) for purposes of routing such orders.<sup>11</sup>

### III. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.<sup>12</sup> In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,<sup>13</sup> which requires, among other things, that the rules of a national securities exchange be 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 mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

The Commission finds that the proposed rule change is reasonably designed to remove impediments to and perfect the mechanism of a free and open market and a national market system because the proposed Retail Price Improvement Seeking routing strategy for Type 1

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<sup>11</sup> According to the Exchange, ArcaSec will rely on representations made by NYSE National RMOs with respect to their Retail Orders.

<sup>12</sup> In approving this proposed rule change, the Commission has considered the proposed rule’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>13</sup> 15 U.S.C. 78f(b)(5).

Retail Orders offers investors who submit NYSE National Type 1 Retail Orders the opportunity for additional price improvement on the NYSE. The Commission believes that the proposed rule change furthers the Retail Liquidity Program's goal of promoting competition for retail order flow among execution venues and provides benefits to retail investors by creating additional price improvement opportunities for their order flow.

Based on the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act.

IV. Conclusion

IT IS THEREFORE ORDERED that pursuant to Section 19(b)(2) of the Act,<sup>14</sup> the proposed rule change (SR-NYSENAT-2025-05) be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>15</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

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<sup>14</sup> 15 U.S.C. 78s(b)(2).

<sup>15</sup> 17 CFR 200.30-3(a)(12).