SECURITIES AND EXCHANGE COMMISSION
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July 7, 2022

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Modify Rule 7.31

Pursuant to Section 19(b)(1)[1] of the Securities Exchange Act of 1934 (the "Act")[2] and Rule 19b-4 thereunder,[3] notice is hereby given that on June 24, 2022, 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 modify Rule 7.31 to (1) permit certain non-routable order types to be designated to cancel if they would be displayed at a price other than their limit price; (2) allow ALO Orders to be designated as non-displayed; (3) permit ALO Orders to be entered in any size; (4) introduce the Non-Display Remove and Proactive if Locked/Crossed Modifiers; and (5) make MPL Orders eligible to trade at their limit price. 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.

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1 15 U.S.C.78s(b)(1).

2 15 U.S.C. 78a.

3 17 CFR 240.19b-4.

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 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 7.31 to (1) permit certain non-routable order types to be designated to cancel if they would be displayed at a price other than their limit price; (2) allow ALO Orders to be designated as non-displayed; (3) permit ALO Orders to be entered in any size; (4) introduce the Non-Display Remove and Proactive if Locked/Crossed Modifiers; and (5) allow MPL Orders to trade at either the midpoint or their limit price. The Exchange also proposes additional clarifying and conforming changes as discussed herein.

Designation to Cancel

The Exchange proposes to modify Rules 7.31(e)(1), 7.31(e)(2), and 7.31(e)(3)(D) to permit Non-Routable Limit Orders, displayed ALO Orders,[4] and Day ISO ALO Orders to be designated to cancel if they would be displayed at a price other than their limit price for any reason.

[4] As noted above, the Exchange also proposes in this filing to permit ALO Orders to be designated as non-displayed, and discussion of the proposed modification of Rule 7.31(e)(2) to effect that change appears in the "Non-Displayed ALO" section below. The proposed new designation to cancel would be inapplicable to Non-Displayed ALO Orders, as proposed, because such orders are not eligible to be displayed.

As proposed, Non-Routable Limit Orders, displayed ALO Orders, and Day ISO ALO Orders would be eligible to be designated to cancel at the member organization's instruction, thereby providing member organizations with increased flexibility with respect to order handling and the ability to have greater determinism regarding order processing when such orders would be repriced to display at a price other than their limit price. The Exchange notes that this designation would be optional, and if not designated to cancel, Non-Routable Limit Orders, displayed ALO Orders, and Day ISO ALO Orders would continue to function as set forth in current Exchange rules (except as proposed in this filing with respect to odd lots and the addition of the Non-Display Remove Modifier). The Exchange further notes that providing member organizations with the ability to designate orders to cancel if they would be repriced is not novel, and other cash equity exchanges currently offer their members a similar option.[5]

To effect this change, the Exchange proposes the following modifications to Rules 7.31(e)(1), 7.31(e)(2), and 7.31(e)(3)(D):

- Rule 7.31(e)(1) - Non-Routable Limit Orders

  As defined in Rule 7.31(e)(1), a Non-Routable Limit Order is a Limit Order that does not route. Currently, a Non-Routable Limit Order to buy (sell) will trade with orders

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5 See, e.g., Members Exchange ("MEMX") Rules 11.6(a) (defining the Cancel Back instruction, which a User may attach to an order to instruct that such order be cancelled if it cannot be posted to the MEMX Book at its limit price) and 11.6(l)(2) (defining the Post Only instruction; an order with such instruction functions similarly to the ALO Order and may be designated to be cancelled by the User); Cboe BZX Exchange, Inc. ("BZX") Rules 11.9(c)(6) and 11.9(g)(d) (defining the BZX Post Only Order, which functions similarly to the ALO Order and may be designated to be cancelled at the User's instruction); Cboe BYX Exchange, Inc. ("BYX") Rule 11.9(c)(6) and 11.9(g)(d) (defining the BYX Post Only Order, which functions similarly to the ALO Order and may be designated to be cancelled at the User's instruction); Nasdaq Stock Exchange LLC ("Nasdaq") Rule 4702(b)(4)(A) (defining the Post-Only Order, which functions similarly to the ALO Order and may be designated to be cancelled back to the Participant at the Participant's election).

to sell (buy) on the Exchange Book that are priced at or below (above) the PBO (PBB) and will be repriced based on updates to the Away Market PBO (PBB) as set forth in current Rules 7.31(e)(1)(A)(i) through (iv).

The Exchange proposes to delete the current text of Rule 7.31(e)(1)(A) and add new text to provide that a Non-Routable Limit Order would not be displayed at a price that would lock or cross the PBO (PBB) of an Away Market, and such order to buy (sell) would trade with orders on the Exchange Book that are priced equal to or below (above) the PBO (PBB) of an Away Market. These proposed changes would merely rephrase and clarify the existing behavior of a Non-Routable Limit Order as already set forth in Rule 7.31(e)(1)(A), without substantive changes.

The Exchange further proposes to modify Rule 7.31(e)(1)(A)(i) to delete the current text and add new text providing for the option to designate a Non-Routable Limit Order to be cancelled, as described above.

The Exchange also proposes to modify Rule 7.31(e)(1)(A)(ii) and add new subparagraphs thereunder to describe how any untraded quantity of a Non-Routable Limit Order would be processed if not designated to cancel. New subparagraph (a) would contain the rule text previously set forth in Rule 7.31(e)(1)(A)(i), without substantive changes, and provide that, if the limit price of a Non-Routable Limit Order to buy (sell) locks or crosses the PBO (PBB) of an Away Market, it would have a working price equal to the PBO (PBB) of the Away Market and a display price one MPV below (above) the PBO (PBB) of the Away Market. Proposed new subparagraph (b) would contain rule text currently set forth in Rule 7.31(e)(1)(A)(ii) describing how a Non-Routable Limit Order would be processed when the PBO

(PBB) of an Away Market reprices higher (lower), without substantive changes. Finally, the Exchange proposes to renumber current Rules 7.31(e)(1)(A)(iii) and (iv) as Rules 7.31(e)(1)(A)(ii)(c) and (d), respectively, with no changes to the rule text.

- Rule 7.31(e)(2) - ALO Orders

  Rule 7.31(e)(2) and the subparagraphs thereunder define the ALO Order, which is a Non-Routable Limit Order that will trade with contra-side interest if its limit price crosses the working price of any displayed or non-displayed orders to sell (buy) on the Exchange Book priced equal to or below (above) the PBO (PBB) of an Away Market. In other words, an ALO Order will not remove liquidity from the Exchange Book unless it receives price improvement. Accordingly, the Exchange proposes to modify Rule 7.31(e)(2) to simplify the definition of an ALO Order, without any substantive changes, and state that ALO Orders are Non-Routable Limit Orders that would not remove liquidity from the Exchange Book unless they receive price improvement. The Exchange also proposes to add new text to Rule 7.31(e)(2)[6] to effect the change described above, permitting an ALO Order to be designated to cancel if it would be displayed at a price other than its limit price for any reason. The Exchange next proposes to reorganize Rules 7.31(e)(2)(A) through (C) to describe the operation of the ALO Order in a more logical flow, but without any substantive changes to the operation of the order type. Specifically, the Exchange proposes to reorganize Rules 7.31(e)(2)(A) through (C) to first describe when an

[6] As noted above, the Exchange also proposes in this filing to permit ALO Orders to be designated as non-displayed and to permit ALO Orders to be entered in odd lots, and discussion of the proposed modification of Rule 7.31(e)(2) to effect those changes appears in the "Non-Displayed ALO" and "ALO Odd Lots" sections below.

ALO Order would trade, then describe how any untraded quantity of an ALO Order not designated to cancel would be processed, and then describe the handling of any untraded quantity of an ALO Order that locks non-displayed interest.

First, the Exchange proposes to delete the current text of Rule 7.31(e)(2)(A), which states only that an ALO Order will be assigned a working price and display price pursuant to Rule 7.31(e)(2)(B) and is thus redundant of the substantive rule text in Rule 7.31(e)(2)(B) and its subparagraphs. The Exchange proposes to add new rule text in Rule 7.31(e)(2)(A) providing that an Aggressing ALO Order to buy (sell) would trade if its limit price crosses the working price of any displayed or non-displayed orders to sell (buy) on the Exchange Book priced equal to or below (above) the PBO (PBB) of an Away Market, in which case, the ALO Order would trade as the liquidity taker with such orders. The Exchange notes that this change is not intended to propose any modification to the current operation of the ALO Order and merely restates text that currently appears in Rule 7.31(e)(2)(B)(ii) describing when an ALO Order may trade, with no substantive changes. The Exchange believes that this proposed reorganization would improve the clarity of Rule 7.31(e)(2) by describing how an ALO Order would trade before progressing on to describe how any untraded quantity of an ALO Order would be handled if it is not designated to cancel upon repricing.

The Exchange next proposes to delete the current text of Rule 7.31(e)(2)(B) and reorganize Rule 7.31(e)(2)(B) and the subparagraphs thereunder. Rule 7.31(e)(2)(B) and the subparagraphs that follow would, as proposed, specify how untraded quantities of an ALO Order would be processed if such order has not been designated

to cancel. To effect this change, the Exchange proposes that Rule 7.31(e)(2)(B) would now provide that, if an ALO Order is not designated to cancel, any untraded quantity of such order would trade as described in subparagraphs (i) and (ii).

In subparagraph (i), the Exchange proposes to delete the existing rule text and modify subparagraph (i) to provide that, if the limit price of an ALO Order locks the display price of any order to sell (buy) ranked Priority 2 - Display Orders on the Exchange Book, it would have a working price and display price (if it has been designated to display) one MPV below (above) the price of the displayed order on the Exchange Book. The Exchange notes that the content of Rule 7.31(e)(2)(B)(i) would be incorporated into Rule 7.31(e)(2)(B)(ii) (as proposed below) and that this proposed change merely moves rule text from where it is currently located in Rule 7.31(e)(2)(B)(iii) and does not reflect any proposed change to the operation of the ALO Order when the limit price of any untraded quantity of such order locks displayed interest on the Exchange Book.

The Exchange next proposes to delete the current text of Rule 7.31(e)(2)(B)(ii) and replace it with text that would provide that, if the limit price of an ALO Order locks or crosses the PBO (PBB) of an Away Market, it would have a working price equal to the PBO (PBB) of the Away Market and a display price (if designated to display) one MPV below (above) the PBO (PBB) of the Away Market. The Exchange notes that proposed Rule 7.31(e)(2)(B)(ii) rephrases text currently set forth in Rules 7.31(e)(2)(B)(i) and (iv) and is not intended to propose any change to the operation of the ALO Order when the limit price of any untraded quantity of such order locks or crosses the PBBO of an Away Market. The Exchange also notes that the current text

of Rule 7.31(e)(2)(B)(ii) was, as described above, incorporated into revised Rule 7.31(e)(2)(A).

The Exchange further proposes to delete current Rules 7.31(e)(2)(B)(iii) and (iv) (including subparagraph (a) under Rule 7.31(e)(2)(B)(iv)), as the content of such Rules has been covered by the proposed Rules described above and would be incorporated into proposed Rule 7.31(e)(2)(C) (as discussed below), without changes to the current operation of the ALO Order. Specifically, Rule 7.31(e)(2)(B)(iii) has been incorporated into proposed Rule 7.31(e)(2)(B)(i), the content of Rule 7.31(e)(2)(B)(iv) would be clarified by proposed Rules 7.31(e)(2)(B)(ii) and 7.31(e)(2)(C), and the content of Rule 7.31(e)(2)(B)(iv)(a) would be covered by proposed Rule 7.31(e)(2)(B)(i).

Proposed Rule 7.31(e)(2)(C) would next provide that if any untraded quantity of an ALO Order to buy (sell), whether designated to cancel or not, locks non-displayed interest on the Exchange Book, it would have a working price and display price (if designated to display) equal to its limit price. The Exchange notes that this rule text reflects the current behavior of ALO Orders when their limit price locks non-displayed interest on the Exchange Book, which would not change based on whether an ALO Order has been designated to cancel, as proposed.

The Exchange next proposes to rename current Rule 7.31(e)(2)(B)(v) as Rule 7.31(e)(2)(D) and current Rule 7.31(e)(2)(C) as Rule 7.31(e)(2)(E). The Exchange also proposes changes to subparagraphs (i) and (ii) of proposed Rule 7.31(e)(2)(E). In subparagraphs (i) and (ii), the Exchange proposes to add clarity to its Rules by specifying that the reference to the PBO (PBB) is of an Away Market and proposes to

update the paragraph references to reflect the reorganization of the Rule as described above. Specifically, the Exchange proposes to update subparagraph (i) to refer to paragraphs (e)(2)(A) (which now describes when an Aggressing ALO Order is eligible to trade), (e)(2)(B)(i) - (ii) (which now describe the processing of any untraded quantity of an ALO Order that is not designated to cancel), and (e)(2)(C) of the Rule (which now describes the processing of any untraded quantity of an ALO Order that locks non-displayed interest). The Exchange further proposes to update subparagraph (ii) to refer to paragraphs (e)(1)(A)(ii)(c) and (d) of the Rule, which simply updates the paragraph references consistent with the changes described above to renumber paragraphs (e)(1)(A)(iii) and (iv) as paragraphs (e)(1)(A)(ii)(c) and (d).[7]

The Exchange also proposes to rename current Rule 7.31(e)(2)(D) as Rule 7.31(e)(2)(F) and modify new Rule 7.31(e)(2)(F) to provide that an ALO Order would not trigger a contra-side MPL Order that is resting at the midpoint to trade, except as specified in proposed Rule 7.31(d)(3)(F). Rule 7.31(d)(3)(F), in relevant part and as proposed in this filing, would provide that an MPL Order designated with the Non-Display Remove Modifier would trade as the liquidity-taking order with an Aggressing ALO Order or MPL-ALO Order that has a working price equal to the working price of the MPL Order.[8]

Finally, the Exchange proposes to add new Rule 7.31(e)(2)(G), which would provide that the ALO designation would be ignored for ALO Orders that participate in an

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7 In addition, to effect the proposed change to permit ALO Orders to be designated as non-displayed, the Exchange proposes an additional revision to Rule 7.31(e)(2)(E)(ii) discussed below in the "Non-Displayed ALO" section.

8 Proposed Rule 7.31(d)(3)(F) is discussed further in the "Non-Display Remove Modifier" section below.

Auction. This rule text would be similar to the text that currently appears in Rule 7.31(e)(2)(A), without substantive changes.

The Exchange notes that the proposed changes described above are intended only to implement the addition of the option to designate an ALO Order to cancel and, in connection with such proposal, to improve the clarity and organization of Rule 7.31(e)(2). The proposed changes set forth above otherwise reflect how an ALO Order currently behaves and are not intended to propose any other changes to the operation of the order type.[9]

- Rule 7.31(e)(3)(D) - Day ISO ALO Orders

  Rule 7.31(e)(3) provides that an Intermarket Sweep Order ("ISO") is a Limit Order that does not route and meets the requirements of Rule 600(b)(30) of Regulation NMS. Rule 7.31(e)(3)(C) provides that an ISO designated Day ("Day ISO"), if marketable on arrival, will be immediately traded with contra-side interest in the Exchange Book up to its full size and limit price, and that any untraded quantity of a Day ISO will be displayed at its limit price and may lock or cross a protected quotation that was displayed at the time of arrival of the Day ISO. Rule 7.31(e)(3)(D) provides that a Day ISO ALO is a Day ISO that has been designated with an ALO Modifier and, on arrival, may trade through or lock or cross a protected quotation that was displayed at the time of arrival of the Day ISO ALO.

  In order to effect the change described above to permit a Day ISO ALO Order to be designated to cancel if it would be displayed at a price other than its limit price for

[9] The Exchange notes that its proposed changes to provide for a non-displayed ALO Order, to permit ALO Orders to be entered in odd lots, and to introduce the Non-Display Remove Modifier are discussed below.

any reason, the Exchange proposes to modify and reorganize Rule 7.31(e)(3)(D) and the paragraphs thereunder similar to its proposal with respect to Rule 7.31(e)(2) for ALO Orders. As in proposed Rule 7.31(e)(2), the Exchange proposes to reorganize Rule 7.31(e)(3)(D) to describe when a Day ISO ALO Order would trade, how any untraded quantity of a Day ISO ALO Order not designated to cancel would be processed, and the handling of any untraded quantity of a Day ISO ALO Order that locks non-displayed interest, in that logical order.

First, the Exchange proposes to modify Rule 7.31(e)(3)(D) to add text providing that a Day ISO ALO can be designated to cancel. The Exchange does not propose any changes to the first sentence of current Rule 7.31(e)(3)(D)(i), which describes when a Day ISO ALO Order may trade, but proposes to combine the second sentence of current Rule 7.31(e)(3)(D)(i) with Rule 7.31(e)(3)(D)(ii). Rule 7.31(e)(3)(D)(ii) would now specify that, if not designated to cancel, any untraded quantity of a Day ISO ALO Order to buy (sell) would be assigned a working price and display price one MPV below (above) the price of the displayed order on the Exchange Book when the limit price of the Day ISO ALO Order locks the display price of a displayed order on the Exchange Book.

The Exchange next proposes to delete the current text of Rule 7.31(e)(3)(D)(iii) and its subparagraph (a) and add new rule text specifying that any untraded quantity of a Day ISO ALO Order that locks non-displayed interest on the Exchange Book would have a working price and display price equal to its limit price. The Exchange notes that this proposed change merely rephrases current Rule 7.31(e)(3)(D)(iii) and eliminates redundant rule text (thereby simplifying Exchange rules) and is not

intended to change the meaning or operation of such rules. The Exchange notes that current Rule 7.31(e)(3)(D)(iii)(a) would be covered by Rule 7.31(e)(3)(D)(ii), as proposed.

Finally, the Exchange proposes to make clarifying changes to Rule 7.31(e)(3)(D)(iv). First, the Exchange proposes to replace "After being displayed" with "Once resting on the Exchange Book" to align the rule text with existing rule text in current Rule 7.31(e)(2)(C), which similarly describes how ALO Orders would be processed once resting on the Exchange Book. The Exchange further proposes to clarify that the PBO (PBB) referenced in this subparagraph is of an Away Market. The Exchange also proposes to update the reference to paragraphs (e)(2)(C)(i) and (ii) of Rule 7.31 to paragraphs (e)(2)(E)(i) and (ii) to reflect the proposed reorganization of Rule 7.31(e)(2) as described above.

The Exchange notes that the proposed changes described above are not intended to impact the operation of the Day ISO ALO Order other than to implement the new optional designation to cancel and, in connection with that proposed change, to improve the clarity and organization of Rule 7.31(e)(3)(D).[10] The proposed changes set forth above otherwise reflect how a Day ISO ALO Order currently behaves and are not intended to propose any other changes to the operation of the order type.

Non-Displayed ALO Order

As noted above, the Exchange proposes to permit ALO Orders to be designated as non-displayed, and to effect this change, proposes to modify Rule 7.31(e)(2) to add text specifying

[10] The Exchange notes that it also proposes a modification to Rule 7.31(e)(3)(D) in connection with its proposal to permit Day ISO ALO Orders to be entered in odd lots, which is described below in the "ALO Odd Lots" section.

that ALO Orders may be designated as non-displayed orders. The Exchange proposes that a non-displayed ALO Order would function in the same way as an ALO Order currently behaves except that it would not have a display price (and thus would not be eligible to be designated to cancel, as such proposed option is described above) and would be repriced when crossed by the PBO (PBB) of an Away Market.

The Exchange also proposes to add text to Rule 7.31(e)(2)(E)(ii) (as renumbered above) to provide that, if the PBO (PBB) of an Away Market reprices lower (higher) than the working price of a non-displayed ALO Order to buy (sell), the non-displayed ALO Order would have a working price equal to the PBO (PBB) of the Away Market. This proposed rule text would indicate, as noted above, a difference in behavior between a non-displayed ALO Order, as proposed, and a displayed ALO Order.

The Exchange believes that permitting an ALO Order to be non-displayed would provide member organizations with greater flexibility with respect to the operation of an existing order type and would provide member organizations with the option to designate ALO Orders to be non-displayed in accordance with their desired trading strategy.

The Exchange notes that displayed ALO Orders would continue to be available for use by member organizations, and designating an ALO Order to be non-displayed would be at the member organization's option. The Exchange also believes that other cash equity exchanges similarly permit order types analogous to the ALO Order to be non-displayed and that this proposed change thus does not raise any novel issues.[11]

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[11] See, e.g., MEMX Rules 11.8(b)(3) and (7) (providing that a Limit Order may be non-displayed and designated with a Post Only instruction). The Exchange also notes that BZX Rule 11.9(g)(1)(D) and BYX Rule 11.9(g)(1)(D) refer to "display-eligible" BZX Post Only Orders and BYX Post Only Orders, respectively, suggesting that such orders could also be designated as non-displayed.

ALO Odd Lots

Currently, Rules 7.31(e)(2) and 7.31(e)(3)(D) provide that ALO Orders and Day ISO ALO Orders, respectively, must be entered with a minimum of one displayed round lot. The Exchange proposes to permit ALO Orders and Day ISO ALO Orders to be entered in any size, and thus proposes to delete the round lot requirement from Rules 7.31(e)(2) and 7.31(e)(3)(D). The Exchange believes that requiring ALO Orders and Day ISO ALO Orders to be entered in round lots is unnecessary, particularly since the Exchange already permits odd lot residual quantities for ALO Orders and Day ISO ALO Orders. The Exchange also believes that permitting ALO Orders and Day ISO ALO Orders to be entered in odd lots could increase liquidity and enhance opportunities for order execution on the Exchange. The Exchange notes that permitting odd lot order quantities, including for ALO Orders, is not novel on the Exchange or other cash equity exchanges and thus believes that this proposed change would align the Exchange's treatment of ALO Orders and Day ISO ALO Orders with features available on other cash equity exchanges.[12]

Non-Display Remove Modifier

The Exchange proposes to introduce the Non-Display Remove Modifier ("NDR Modifier"), which is currently offered by its affiliated exchanges, NYSE American LLC ("NYSE American"), NYSE Arca, Inc. ("NYSE Arca"), NYSE Chicago, Inc. ("NYSE Chicago"), and NYSE National, Inc. ("NYSE National") (collectively, the "Affiliated Exchanges").[13]

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12 See, e.g., MEMX Rules 11.8(b)(2) and (7) (providing that a Limit Order may be of odd lot size and designated with the Post Only instruction). The Exchange also notes that the rules of Nasdaq, BZX, and BYX do not appear to prohibit entry of their order types analogous to the ALO Order in odd lots.

13 See NYSE American Rules 7.31E(d)(2)(B), 7.31E(d)(3)(D) - (F), 7.31E(e)(1)(C), 7.31E(e)(2)(B)(iv)(b), and 7.31E(e)(3)(D)(iii)(b); NYSE Arca Rules 7.31-E(d)(2)(B), 7.31-E(d)(3)(D) - (F), 7.31-E(e)(1)(C), 7.31-E(e)(2)(B)(iv)(b), and 7.31-

The Exchange proposes that the NDR Modifier would be available for use with Non-Displayed Limit Orders, Non-Routable Limit Orders (when not displayed), and MPL Orders, and that any resting order with the NDR Modifier would remove liquidity when it is locked by any ALO Order, consistent with the operation of the NDR Modifier on the Affiliated Exchanges.[14]

The Exchange believes that this proposed change would offer member organizations a modifier already available on the Affiliated Exchanges and thus promote consistency between the Exchange's rules and the rules of its Affiliated Exchanges. The Exchange further believes that the availability of the NDR Modifier would afford member organizations increased flexibility with respect to order processing and could provide enhanced opportunities for order execution by allowing resting Non-Displayed Limit Orders, Non-Routable Limit Orders (when not displayed), and MPL Orders designated with the NDR Modifier to be eligible to trade when locked by an ALO Order.

E(e)(3)(D)(iii)(b); NYSE Chicago Rules 7.31(d)(2)(B), 7.31(d)(3)(D) - (F), 7.31(e)(1)(C), 7.31(e)(2)(B)(iv)(b), and 7.31(e)(3)(D)(iii)(b); NYSE National Rules 7.31(d)(2)(B), 7.31(d)(3)(D) - (F), 7.31(e)(1)(C), 7.31(e)(2)(B)(iv)(b), and 7.31(e)(3)(D)(iii)(b).

14 The Exchange notes that NYSE National recently proposed modifications to the NDR Modifier (see SR-NYSENAT-2022-09, available at: https://www.nyse.com/publicdocs/nyse/markets/nyse-national/rule-filings/filings/2022/SR-NYSENAT-2022-09.pdf), which changes will also be proposed by the other Affiliated Exchanges in forthcoming rule filings. The proposed changes in this filing to provide for use of the NDR Modifier are consistent with the operation and availability of the NDR Modifier on the Affiliated Exchanges, pursuant to their pending and forthcoming rule filings. The Exchange further notes that the operation of the NDR Modifier, as proposed in this filing and by the Affiliated Exchanges in their respective rule filings, would offer functionality similar to modifiers offered by other cash equity exchanges. See, e.g., BYX Rule 11.9(c)(12) (providing for the Non-Displayed Swap or "NDS" Order, which is an instruction on an order resting on the BYX book that, when locked by an incoming BYX Post Only Order that does not remove liquidity, causes such order to be converted to an executable order that removes liquidity against such incoming order); BZX Rule 11.9(c)(12) (providing for the Non-Displayed Swap or "NDS" Order, which is an instruction on an order resting on the BZX book that, when locked by an incoming BZX Post Only Order that does not remove liquidity, causes such order to be converted to an executable order that removes liquidity against such incoming order).

To introduce the NDR Modifier, the Exchange proposes the following changes, which are based on the rules of the Affiliated Exchanges:[15]

- The Exchange proposes to introduce Rule 7.31(d)(2)(B) to provide that a Non-Displayed Limit Order may be designated with an NDR Modifier and, when so designated, it would trade as the liquidity-taking order with an Aggressing ALO Order or MPL-ALO Order when the working price of such order locks the working price of the Non-Displayed Limit Order.
- The Exchange proposes to modify Rule 7.31(d)(3)(D) to provide that an MPL-IOC Order may not be designated with an NDR Modifier. This proposed rule text is consistent with the Affiliated Exchanges' existing rules.
- The Exchange proposes new Rule 7.31(d)(3)(E)(iii), which would provide that an MPL-ALO Order cannot be designated with an NDR Modifier.
- The Exchange proposes new Rule 7.31(d)(3)(F), which would provide that an MPL Order designated Day may also be designated with an NDR Modifier, and such order would trade as the liquidity-taking order with an Aggressing ALO Order or MPL-ALO Order that has a working price equal to the working price of the MPL Order.
- The Exchange proposes to add new Rule 7.31(e)(1)(C) to provide that a Non-Routable Limit Order may be designated with an NDR Modifier and, when so designated, would trade as the liquidity taker against an Aggressing ALO Order or MPL-ALO Order when the Non-Routable Limit Order has a working price (but not display price) equal to the working price of the ALO Order or MPL-ALO

[15] See notes 13-14, supra.

Order.

Finally, the Exchange proposes to modify Rule 7.37 (Order Execution and Routing) to add new Rule 7.37(b)(10). Proposed Rule 7.37(b)(10) would address the allocation of orders designated with an NDR Modifier and would clarify that, when a resting order that has been designated with an NDR Modifier trades as the liquidity taker against an Aggressing ALO Order or MPL-ALO Order, it will trade based on its ranking as set forth in Rule 7.36(c). Rule 7.36(c) sets forth rules pertaining to order ranking and provides that all non-marketable orders are ranked and maintained in the Exchange Book according to: (1) price; (2) priority category; (3) time; and (4) ranking restrictions applicable to an order or modifier condition.

Proactive if Locked/Crossed Modifier

The Exchange proposes to modify Rule 7.31(i)(1), which is currently designated as Reserved, to introduce the Proactive if Locked/Crossed Modifier.[16] The Exchange proposes that the Proactive if Locked/Crossed Modifier would be available for use with a displayed Limit Order or Inside Limit Order that is eligible to route. An order designated with a Proactive if Locked/Crossed Modifier would route to an Away Market (based on the ranking of such order pursuant to Rule 7.36(c)) if the Away Market locks or crosses the display price of the order. In addition, if any quantity of the order is returned unexecuted, the order would be displayed on the Exchange Book. The Exchange believes that the addition of the Proactive if Locked/Crossed

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16 The Exchange also proposes a conforming change to Rule 7.16 (Short Sales) in connection with the addition of the Proactive if Locked/Crossed Modifier. The Exchange proposes to specify in new paragraph (J) under Rule 7.16(f)(5) that Proactive if Locked/Crossed Modifiers will be ignored during Short Sale Periods and proposes to modify Rule 7.16(f)(5)(A) to refer to "paragraphs (f)(5)(B) - (J) of this Rule" to reflect the addition of new paragraph (J). The Exchange proposes to ignore the Proactive if Locked/Crossed Modifier during Short Sale Periods because it would not route short sale orders during such times.

Modifier would offer member organizations increased optionality with respect to order routing and could provide member organizations with increased opportunities for order execution by allowing orders designated with the modifier to be routed to an Away Market when the display price of such orders is locked or crossed by the Away Market. The Exchange notes that the Proactive if Locked/Crossed Modifier is currently offered by its Affiliated Exchanges, and proposed Rule 7.31(i)(1) is based on the rules of the same number on the Affiliated Exchanges, without substantive changes.[17] Accordingly, the Exchange believes that the introduction of the Proactive if Locked/Crossed Modifier would promote consistency among the rules of the Affiliated Exchanges.

MPL Orders

A Mid-Point Liquidity Order or MPL Order is currently defined in Rule 7.31(d)(3) as a non-displayed, non-routable Limit Order with a working price of the midpoint of the PBBO. The Exchange proposes to modify the definition of an MPL Order to provide that an MPL Order to buy (sell) would have a working price of the lower (higher) of the midpoint of the PBBO or its limit price. In other words, the Exchange proposes that an MPL Order would be eligible to trade at the less aggressive of the midpoint of the PBBO or its limit price. The Exchange believes that permitting MPL Orders to trade at the less aggressive of the midpoint of the PBBO or their limit price would provide member organizations with increased opportunities for order execution, thereby enhancing market quality for all market participants. The Exchange notes that permitting MPL Orders to trade at the less aggressive of the midpoint of the PBBO or their limit price is not novel and that comparable order types on other cash equity exchanges currently

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17 See NYSE American Rule 7.31E(i)(1); NYSE Arca Rule 7.31-E(i)(1); NYSE Chicago Rule 7.31(i)(1); NYSE National Rule 7.31(i)(1).

behave in this manner.[18]

To effect this change, the Exchange proposes to modify the following portions of Rule 7.31(d)(3):

- Rule 7.31(d)(3) currently provides that an MPL Order has a working price of the midpoint of the PBBO. The Exchange proposes to modify this Rule to provide that an MPL Order to buy (sell) would have a working price at the lower (higher) of the midpoint of the PBBO or its limit price.
- Rule 7.31(d)(3)(A) currently provides that an MPL Order to buy (sell) is eligible to trade only if the midpoint of the PBBO is at or below (above) the limit price of the MPL Order. The Exchange proposes to modify this Rule to provide that an MPL Order would be eligible to trade at the working price of the order (which, as described above, would be defined to be the less aggressive of the midpoint of the PBBO or the limit price of the MPL Order).
- Rule 7.31(d)(3)(C) currently provides that an Aggressing MPL Order to buy (sell) will trade with resting orders to sell (buy) with a working price at or below (above) the midpoint of the PBBO at the working price of the resting orders. The Exchange proposes to modify this Rule to provide that an Aggressing MPL Order

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[18] See, e.g., MEMX Rule 11.6(h)(2) (providing that a Pegged Order with a Midpoint Peg instruction may execute at its limit price or better when its limit price is less aggressive than the midpoint of the NBBO); Cboe EDGA Exchange, Inc. Rule 11.8(d) (describing the MidPoint Peg Order, which is a non-displayed Market Order or Limit Order with an instruction to execute at the midpoint of the NBBO, but that may execute at its limit price or better when its limit price is less aggressive than the midpoint of the NBBO); Cboe EDGX Exchange, Inc. Rule 11.8(d) (same); Nasdaq Rule 4702(b)(5)(A) (describing the Midpoint Peg Post-Only Order, which will be priced at the midpoint between the NBBO or at its limit price when the midpoint is higher than (lower than) the limit price of such order).

would trade with a resting order, at the working price of such order, when the resting order has a working price at or below (above) the working price of the MPL Order. Rule 7.31(d)(3)(C) also currently states that resting MPL Orders to buy (sell) will trade at the midpoint of the PBBO against all Aggressing Orders to sell (buy) priced at or below (above) the midpoint of the PBBO. The Exchange proposes to instead provide that resting MPL Orders would trade against Aggressing Orders priced at or below (above) the working price of the MPL Order, consistent with the proposed changes described above to permit MPL Orders to trade at the less aggressive of the midpoint of the PBBO or their limit price.

- Rule 7.31(d)(3)(E) currently provides that an MPL-ALO Order is an MPL Order that has been designated with an ALO Modifier. The Exchange proposes to revise subparagraphs (i) and (ii) thereunder to make changes consistent with those described above with respect to MPL Orders. Specifically, the Exchange proposes to modify Rule 7.31(d)(3)(E)(i) to be similar to Rule 7.31(d)(3)(C) but with modified phrasing specific to the behavior of MPL-ALO Orders. Accordingly, Rule 7.31(d)(3)(E)(i), as proposed, would provide that an Aggressing MPL-ALO Order to buy (sell) would trade with a resting order, at the working price of such order, when the resting order has a working price below (above) the less aggressive of the midpoint of the PBBO or the limit price of the MPL-ALO Order. In addition, to reflect the operation of the ALO Modifier, the Exchange further proposes to modify Rule 7.31(d)(3)(E)(i) to specify that an MPL-ALO Order would not trade with resting orders priced equal to the less

aggressive of the midpoint of the PBBO or the limit price of the MPL-ALO Order.[19] The Exchange believes that these proposed changes would provide additional clarity with respect to the particular behavior of MPL-ALO Orders, as such orders (unlike MPL Orders) would not take liquidity at the less aggressive of the midpoint of the PBBO or their limit price.

In addition, because the Exchange proposes to allow MPL Orders - including MPL-ALO Orders - to trade at the less aggressive of the midpoint of the PBBO or their limit price, the Exchange proposes to modify Rule 7.31(d)(3)(E)(ii) to replace the reference to the "midpoint" with the "working price of the MPL-ALO Order" (consistent with the revised definition of MPL Order proposed above).

Finally, the Exchange proposes a modification to Rule 7.11, which sets forth rules pertaining to the Limit Up-Limit Down ("LULD") Plan. The proposed change would modify the handling of MPL Orders relative to the Upper and Lower Price Bands, consistent with the proposed changes described above with respect to the behavior of MPL Orders. Specifically, the Exchange proposes to modify Rule 7.11(a)(5), which describes the repricing or cancellation of orders to buy (sell) that are priced or could be traded above (below) the Upper (Lower) Price Band. Rule 7.11(a)(5)(F) currently provides that, if the midpoint of the PBBO is above (below) the Upper (Lower) Price Band, an MPL Order will not be repriced or rejected and will not be eligible to trade.

The Exchange proposes to delete the text of Rule 7.11(a)(5)(F) and designate the Rule as Reserved. The Exchange believes Rule 7.11(a)(5)(F) is no longer necessary because MPL

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[19] The proposed changes to Rule 7.31(d)(3)(E)(i) relating to the operation of the NDR Modifier, as proposed, are described above in the "Non-Display Remove Modifier" section.

Orders, as proposed, would be permitted to reprice and trade relative to LULD Price Bands. The Exchange believes that this change is consistent with the proposed change to permit MPL Orders to trade at prices other than the midpoint of the PBBO or their limit price and would similarly increase execution opportunities for MPL Orders within the bounds of the LULD Price Bands in effect. The Exchange notes that MPL Orders would behave in the same way as other Limit Orders with respect to LULD Price Bands and would thus be processed as set forth in current Rule 7.11(a)(5)(B).

Reserve Orders

Rule 7.31(d)(1) provides for Reserve Orders, which are Limit or Inside Limit Orders with a quantity of the size displayed and with a reserve quantity that is not displayed. Rule 7.31(d)(1)(C) provides that a Reserve Order must be designated Day and may only be combined with a D Order, Non-Routable Limit Order, or a Primary Pegged Order.

The Exchange proposes to modify Rule 7.31(d)(1)(C) to clarify that a Reserve Order may not be designated as an ALO Order. Rule 7.31(d)(1)(C) currently provides that a Reserve Order may be combined with a Non-Routable Limit Order. However, although an ALO Order is a Non-Routable Limit Order, the Exchange currently does not permit Reserve Orders to be designated as ALO Orders and thus proposes a clarifying change to Rule 7.31(d)(1)(C) to specify accordingly. The Exchange notes that this change is intended only to clarify and reflect current behavior and does not propose any changes to the current operation of Reserve Orders or ALO Orders.

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Because of the technology changes associated with this proposed rule change, the Exchange will announce the implementation date by Trader Update, which, subject to effectiveness of this proposed rule change, will be in the third quarter of 2022.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act,[20] in general, and furthers the objectives of Section 6(b)(5),[21] 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 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.

With respect to the proposed changes to permit Non-Routable Limit Orders, displayed ALO Orders, and Day ISO ALO Orders to be designated to cancel, the Exchange believes that the proposed changes would remove impediments to, and perfect the mechanism of, a free and open market and a national market system because it would offer member organizations the option to cancel such orders when they would be displayed at a price other than their limit price. The Exchange believes that providing member organizations with this option would afford them increased flexibility with respect to order handling for existing order types, as well as the ability to have greater determinism regarding order processing in times when such orders would be repriced to display at a price other than their limit price. The Exchange notes that this designation would be optional for member organizations, and if not designated to cancel, Non-Routable Limit Orders, displayed ALO Orders, and Day ISO ALO Orders would continue to

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20 15 U.S.C. 78f(b).

21 15 U.S.C. 78f(b)(5).

function as set forth in current Exchange rules (except as otherwise proposed in this filing). The Exchange also notes that providing member organizations with the option to designate orders to cancel if they would be repriced is not novel, and would align the Exchange's rules with those of other cash equity exchanges that currently offer their members similar functionality.[22] The Exchange also believes that the proposed changes described above to reorganize and rephrase rule text that describes the current operation of Non-Routable Limit Orders, displayed ALO Orders, and Day ISO ALO Orders are designed 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 because they do not propose any functional changes other than to add the option to cancel instead of repricing and would improve the clarity of Exchange rules governing such orders in connection with the proposed addition of the option to designate such orders to cancel.

With respect to the proposed change to permit ALO Orders to be designated as non-displayed, the Exchange believes that the proposed change would 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 offer member organizations greater flexibility with respect to the entry of ALO Orders and could offer member organizations increased opportunities for order execution. The Exchange believes that permitting an ALO Order to be non-displayed would simply provide member organizations with increased options with respect to an existing order type, and member organizations are free to designate ALO Orders to be non-displayed or to continue using displayed ALO Orders as provided under current Exchange rules. The Exchange further believes that permitting ALO Orders to be designated as non-displayed is

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22 See note 5, supra.

not novel and that this proposed change would remove impediments to, and perfect the mechanism of, a free and open market and a national market system by aligning Exchange rules with the rules of other cash equity exchanges.[23]

With respect to the proposed change to permit ALO Orders and Day ISO ALO Orders to be entered in any size, the Exchange also 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. Specifically, the Exchange believes that the proposed change would provide member organizations with the flexibility and optionality to enter ALO Orders and Day ISO ALO Orders in odd lot sized orders, which could increase liquidity and enhance opportunities for order execution on the Exchange, to the benefit of all market participants. The Exchange also believes that the proposed change would align Exchange rules with the treatment of post-only orders on other cash equity exchanges, thereby removing impediments to, and perfecting the mechanism of, a free and open market and a national market system.[24]

The Exchange also believes that its proposed addition of the NDR Modifier and Proactive if Locked/Crossed Modifier 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 offering member organizations the use of modifiers already available on the Affiliated Exchanges, thereby harmonizing the Exchange's rules with the Affiliated Exchanges' rules. The Exchange also believes that the proposed change would remove impediments to, and perfect the mechanism of, a free and open market and a

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23 See note 11, supra.

24 See note 12, supra.

national market system by offering member organizations the use of additional modifiers and, for orders designated with an NDR Modifier or Proactive if Locked/Crossed Modifier, expanding the circumstances under which such orders would be eligible to route or trade, thereby providing for increased opportunities for order execution. The Exchange further believes that the operation of the NDR Modifier, as proposed, would not be novel and 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 the modifier would function similarly to the NDR Modifier on the Affiliated Exchanges, as well as analogous modifiers offered by other cash equity exchanges.[25]

The Exchange also believes that the proposed changes to make an MPL Order eligible to trade at the less aggressive of the midpoint of the PBBO or its limit price and to permit an MPL Order to reprice and trade relative to LULD Price Bands 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 MPL Orders could have more opportunities to trade with contra-side interest, thereby providing member organizations with increased opportunities for order execution and enhancing market quality for all market participants. The Exchange also believes that this proposed change would remove impediments to, and perfect the mechanism of, a free and open market and a national market system because permitting MPL Orders to trade at the less aggressive of the midpoint of the PBBO or at their limit price is not novel and that comparable order types on other cash equity exchanges currently behave in this manner.[26]

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[25] See note 14, supra.

[26] See note 18, supra.

Finally, the Exchange believes that its proposed change to specify that Reserve Orders may not be designated as an ALO Order would 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 is not intended to effect any functional change but would instead add clarity to Exchange rules regarding the current behavior of Reserve Orders.

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 the proposed rule changes would generally align order handling on the Exchange with behavior on other cash equity exchanges[27] and thus would promote competition among exchanges by offering member organizations similar functionality and order handling options available on other cash equity exchanges. The Exchange also believes that, to the extent the proposed changes would increase opportunities for order execution, the proposed change would promote competition by making the Exchange a more attractive venue for order flow and enhancing market quality for all market participants.

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 Act[28] and Rule 19b-4(f)(6) thereunder.[29] Because the proposed rule change does not: (i)

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27 See notes 5, 11, 12, 14, 18, supra.

28 15 U.S.C. 78s(b)(3)(A)(iii).

29 17 CFR 240.19b-4(f)(6).

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[30] and Rule 19b-4(f)(6)(iii) thereunder.[31]

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)[32] 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 (http://www.sec.gov/rules/sro.shtml); or

30 15 U.S.C. 78s(b)(3)(A)(iii).

31 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) 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 complied with this requirement.

32 15 U.S.C. 78s(b)(2)(B).

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NYSE-2022-25 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-2022-25. This file number should be included on the subject line if e-mail 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 (http://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 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All

submissions should refer to File Number SR-NYSE-2022-25 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[33]

J. Matthew DeLesDernier,
Assistant Secretary.

[33] 17 CFR 200.30-3(a)(12), (59).