

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-101671; File No. SR-NYSE-2024-73)

November 20, 2024

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Harmonize NYSE Rule 3110.19(d)

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (“Act”)² and Rule 19b-4 thereunder,³ notice is hereby given that on November 13, 2024, 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 harmonize NYSE Rule 3110.19(d) (Obligation to Provide List of RSLs) with certain recent changes by the Financial Industry Regulatory Authority, Inc. (“FINRA”) to FINRA Rule 3110.19(d). 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.

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

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

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

1. Purpose

The Exchange proposes to harmonize NYSE Rule 3110.19(d) (Obligation to Provide List of RSLs⁴) to harmonize the rule with certain recent changes by FINRA. Specifically, the Exchange would remove the reference to a list of RSLs and the quarterly timeframe for member firms to provide the list to FINRA and replace it with the requirement that member firms provide current information identifying all locations designated as RSLs in the frequency, manner and format as FINRA may prescribe. The proposed rule change would harmonize the Exchange’s residential supervisory location rule with FINRA and thus promote uniform inspection standards across the securities industry. Additionally, because the proposed changes to NYSE Rule 3110.19(d) would be substantially similar to FINRA Rule 3110.19(d), this rule change enables NYSE Rule 3110 to continue to be incorporated into the agreement between NYSE and FINRA to allocate regulatory responsibility for common rules (the “17d-2 Agreement”).

Background and Proposed Rule Change

The NYSE recently adopted NYSE Rule 3110.19, which permits a member organization to designate a private residence at which an associated person engages in specified supervisory activities, subject to certain safeguards and limitations, as an RSL, a non-registered location.⁵

⁴ “RSL” stands for Residential Supervisory Location.

⁵ See Securities Exchange Act Release No. 101325 (October 15, 2024), 89 FR 84221 (October 21, 2024) (SR-NYSE-2024-64) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Harmonize NYSE Rule 3110).

NYSE Rule 3110 is based on FINRA Rule 3110.⁶

Currently, NYSE Rule 3110.19(d) requires a member organization that elects to designate any of its offices or locations as an RSL to provide FINRA with a current list of those offices or locations by the 15th day of the month following each calendar quarter in the manner and format (e.g., through an electronic process or such other process) as FINRA may prescribe.

Recently, FINRA amended its Rule 3110.19(d) to replace the requirement for member firms to provide to FINRA a quarterly list of RSLs in the manner and format prescribed by FINRA with the requirement for member firms to provide to FINRA current information identifying their RSLs in the frequency, manner and format prescribed.⁷ In this regard, the locations or offices that member firms have designated as RSLs would be reported to FINRA on a rolling basis, consistent with the requirements to keep information current on the Form U4, rather than only four times per year.

To harmonize NYSE Rule 3110.19(d) with these recent FINRA changes, the Exchange would make conforming changes to its rule, including the heading. The Exchange would also delete a stray “the” before FINRA in the last sentence of NYSE Rule 3110.19(d), as follows (deleted text in brackets, new text underlined):

(d) Obligation to Provide Information Identifying[List of] RSLs

⁶ See id., 89 FR at 84221. See generally Securities Exchange Act Release No. 73554 (November 6, 2014), 79 FR 67508 (November 13, 2014) (SR-NYSE-2014-56).

⁷ See Securities Exchange Act Release No. 101052 (September 17, 2024), 89 FR 77567 (September 23, 2024) (SR-FINRA-2024-015). As explained in its filing, FINRA amended the Form U4 Instructions to include a new question requiring FINRA member firms to indicate whether a non-registered (i.e., non-branch) location that is identified on Form U4 as a private residence is an RSL by responding “Yes” or “No” (the “RSL Question”). According to FINRA, this change rendered the requirement for FINRA member firms to provide information to FINRA identifying RSLs in a quarterly list set forth in FINRA Rule 3110.19(d) unnecessary. Moreover, the FINRA By-Laws impose a 30-day timeframe upon FINRA members to keep Form U4 current at all times, and because the RSL Question would be part of the Form U4, FINRA maintained that the 30-day updating requirement makes unnecessary the quarterly timeframe for firms to provide FINRA a list of RSLs as currently required under Rule 3110.19(d). See id., 89 FR at 77569. The implementation date for these changes is November 26, 2024.

A member organization that elects to designate any office or location of the member organization as an RSL pursuant to this Supplementary Material shall provide FINRA with [a] current information identifying [list of] all locations designated as RSLs [by the 15th day of the month following each calendar quarter] in the frequency, manner and format (e.g., through an electronic process or such other process) as [the]FINRA may prescribe.

No other changes to NYSE Rule 3110.19(d) are proposed.

In conformity with the FINRA rule change, the Exchange proposes a November 26, 2024 implementation date for the proposed rule change. The Exchange believes that a waiver of the operative delay so that the proposal can be operative at the same time as the FINRA change will be implemented supports the waiver and would permit Exchange member organizations to rely on the same implementation date for the same changes.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act,⁸ in general, and furthers the objectives of Section 6(b)(5),⁹ 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.

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(5).

The Exchange believes that the proposed rule change furthers the objectives of the Act by harmonizing Exchange rules modeled on FINRA rules with respect to how member organizations that elect to designate any offices or locations as an RSL must provide information identifying such offices or locations to FINRA, resulting in less burdensome and more efficient regulatory compliance. As previously noted, the proposed changes are the same as those recently made by FINRA to FINRA Rule 3110.19(d). As such, the proposed rule change would facilitate rule harmonization among self-regulatory organizations with respect to regulatory reporting requirements, thereby fostering cooperation and coordination with persons engaged in facilitating transactions in securities and will remove impediments to and perfect the mechanism of a free and open market and a national market system.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change is not intended to address competitive issues but rather is intended solely to reduce potential compliance burdens on member organizations by aligning NYSE Rule 3110.19(d) with FINRA Rule 3110.19(d) to facilitate designation of certain offices or locations as RSLs, thereby providing greater harmonization with FINRA rules.

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 Act¹⁰ and Rule 19b-4(f)(6) thereunder.¹¹ Because the proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6)(iii) thereunder. In addition, 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 filing.¹²

A proposed rule change filed under Rule 19b-4(f)(6)¹³ normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),¹⁴ the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing.

The Exchange stated that this proposed rule change is non-controversial because it does not present any new or novel issues. In particular, NYSE is harmonizing its supervision rules with those of FINRA, on which they are based and which have been previously approved by the

¹⁰ 15 U.S.C. 78s(b)(3)(A)(iii).

¹¹ 17 CFR 240.19b-4(f)(6).

¹² 17 CFR 240.19b-4(f)(6)(iii).

¹³ 17 CFR 240.19b-4(f)(6).

¹⁴ 17 CFR 240.19b-4(f)(6)(iii).

Commission. By conforming the Exchange's rules to FINRA's, the proposed rule change would promote the application of consistent regulatory standards with respect to rules that FINRA enforces pursuant to the 17d-2 Agreement. As such, the Exchange believes that the proposed rule change would foster cooperation and coordination with persons engaged in facilitating transactions in securities and would remove impediments to and perfect the mechanism of a free and open market and a national market system in accordance with Exchange Act Section 6(b)(5).

In addition, the Exchange stated that since FINRA implementation of its rule change will be November 26, 2024, waiving the 30-day operative delay would provide Exchange member organizations the ability to rely on the same implementation date for the same changes. Further, the Exchange stated that waiver of the operative delay should reduce any potential confusion that may otherwise occur on the part of joint members of the Exchange and FINRA as to the applicable rules governing the obligation to provide information identifying RSLs to FINRA. For these reasons, the Commission believes that waiver of the 30-day operative delay for this proposed rule change is consistent with the protection of investors and the public interest. Accordingly, the Commission hereby waives the 30-day operative delay and designates the proposed rule change operative upon filing.¹⁵

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)¹⁶ of the Act to determine

¹⁵ For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule change's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

¹⁶ 15 U.S.C. 78s(b)(2)(B).

whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-NYSE-2024-73 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-2024-73. 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-NYSE-2024-73 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.¹⁷

Sherry R. Haywood,

Assistant Secretary.

¹⁷ 17 CFR 200.30-3(a)(12).