

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-101670; File No. SR-NYSE-2024-76)

November 20, 2024

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Rules 3170, 9120, 9522, 9523, and 9524

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 12, 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, II, and III 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 amend certain rules to replace “Department of Member Regulation” and “Member Regulation” with “Exchange” and make related changes. 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 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 15 U.S.C. 78a.

³ 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 certain rules to replace “Department of Member Regulation” and “Member Regulation” with “Exchange” and make related changes. Specifically, the Exchange would amend Rule 3170 (Tape Recording of Registered Persons by Certain Firms) and the following rules from the Rule 9000 Series (Code of Procedure): Rule 9120 (Definitions); Rule 9522 (Initiation of Eligibility Proceeding; Member Regulation Consideration); Rule 9523 (Acceptance of Member Regulation Recommendations and Supervisory Plans by Consent Pursuant to SEA Rule 19h-1); and Rule 9524 (Exchange Board of Directors Consideration).

Background

Rule 3170 governs the tape recording of registered persons by certain firms and requires certain notifications to be made to the Exchange’s Department of Member Regulation.

Rule 9120(j) defines “Department of Member Regulation” to mean the Department of Member Regulation of the Financial Industry Regulatory Authority (“FINRA”) for purposes of the Exchange’s disciplinary rules set forth in the Rule 8000 and Rule 9000 Series.

The Rule 9520 Series governs eligibility proceedings for persons subject to statutory disqualifications.⁴

⁴ The Exchange’s 2013 filing adopting the FINRA disciplinary rules represented that the proposed Rule 9520 Series would govern eligibility proceedings for persons subject to statutory disqualifications that are not FINRA members. See Securities Exchange Act Release Nos. 68678 (January 16, 2013), 78 FR 5213, 5230 (January 24, 2013) (SR-NYSE-2013-02) (Notice); 69045 (March 5, 2013), 78 FR 15394, 15399 (March 11, 2013) (SR-NYSE-2013-02) (Order). At the time, there were several member organizations that were not FINRA members. Today, only a single member organization is also not a FINRA member. All FINRA

Rule 9522 governs the initiation of an eligibility proceeding by the Exchange and the member organization's obligation to file an application to initiate an eligibility proceeding if it has been subject to certain disqualifications. Further, the rule provides that Member Regulation could approve a written request for relief from the eligibility requirements under certain circumstances.

Rule 9523 allows Member Regulation to recommend a supervisory plan to which the disqualified member organization, sponsoring member organization, and/or disqualified person, as the case may be, may consent and by doing so, waive the right to hearing or appeal if the plan is accepted and the right to claim bias or prejudice, or prohibited ex parte communications.

Rule 9524 governs requests for review by the Exchange Board of Directors of a decision to reject a supervisory plan under Rule 9523.

Finally, Rule 0 provides, among other things, that Exchange Rules that refer to Exchange staff or Exchange departments should be understood as also referring to FINRA staff and FINRA departments acting on behalf of the Exchange pursuant to the Regulatory Services Agreement ("RSA") in existence between the Exchange and FINRA, as applicable.

Proposed Rule Change

The Exchange proposes to replace all references to "Department of Member Regulation" and "Member Regulation" in Rules 3170, 9522, 9523 and 9524 with "Exchange" or "the Exchange." Consistent with Rule 0, references to the Exchange encompass FINRA staff and departments acting on the Exchange's behalf pursuant to the RSA. The proposed change would simplify the Exchange's rules by eliminating specific references that could change over time,

members are subject to the FINRA Rule 9520 Series, which is substantively the same as the Exchange's version. Hence, as a practical matter, all member organizations would be subject to the same Rule 9520 standards.

thereby eliminating the need for additional rule changes in the future.⁵ The proposed change is also consistent with the rules of other exchanges that have adopted FINRA’s disciplinary rules and have omitted specific references to FINRA departments in their Rule 9520 Series.⁶ Moreover, the proposed change would correct the reference in Rule 3170 since the Exchange does not have a Department of Member Regulation. The Exchange would also delete Rule 9120(i) consisting of the word “Reserved,” as well as Rule 9120(j) defining Department of Member Regulation for purposes of the Exchange’s disciplinary rules as unnecessary. The remaining definitions would be renumbered.

In addition, the Exchange proposes to delete references to “Department of Member Regulation” in subsections (a)(1)(B), (a)(3), and (a)(4)(b)(1)(B) of Rule 9523 without inserting a reference to the Exchange where the deletion will clarify that the Exchange is intended. Further, in Rule 9524(b), the Exchange would delete the reference to “CRO” (Chief Regulatory Officer) as redundant. The Exchange would also delete the last sentence of Rule 9524(a) stating that the Exchange Secretary will provide notice of a request to review a decision to reject a supervisory plan under Rule 9523 to the CRO and Department of Member Regulation as redundant.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b)(5) of the Act,⁷ in that 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

⁵ See, e.g., Securities Exchange Act Release No. 98874 (November 7, 2023), 88 FR 78071 (November 14, 2023) (SR-NYSE-2023-39) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Rules 9521 and 9522 To Correct Obsolete References to a FINRA Department). The current rule filing was made to avoid having Exchange rules contain similar outdated or incorrect references and avoid similar future rule filings.

⁶ See, e.g., Investor Exchange Rule Series 9.520 (Eligibility Proceedings).

⁷ 15 U.S.C. 78f(b)(5).

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 that the proposed changes, taken together, would increase the clarity and transparency of the Exchange's rules and remove impediments to and perfect the mechanism of a free and open market by ensuring that persons subject to the Exchange's jurisdiction, regulators, and the investing public could more easily navigate and understand the Exchange rules. The Exchange further believes that the proposed amendments would not be inconsistent with the public interest and the protection of investors because investors will not be harmed and in fact would benefit from increased transparency and clarity, thereby reducing potential confusion.

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 concerned solely with deleting and, where applicable, replacing, specific references to FINRA departments in its rules and otherwise adding clarity and transparency to the Exchange's rules. Since the proposal does not substantively modify system functionality or processes on the Exchange, the proposed changes will not impose any burden on competition.

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 Act⁸ and Rule 19b-4(f)(6) thereunder.⁹ 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.

A proposed rule change filed under Rule 19b-4(f)(6)¹⁰ normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),¹¹ the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest.

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)¹² of the Act to determine whether the proposed rule change should be approved or disapproved.

⁸ 15 U.S.C. 78s(b)(3)(A)(iii).

⁹ 17 CFR 240.19b-4(f)(6).

¹⁰ 17 CFR 240.19b-4(f)(6).

¹¹ 17 CFR 240.19b-4(f)(6)(iii).

¹² 15 U.S.C. 78s(b)(2)(B).

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-2024-76 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-2024-76. 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-2024-76 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.¹³

Sherry R. Haywood,

Assistant Secretary.

¹³ 17 CFR 200.30-3(a)(12).