

V. Accelerated Approval of Amendment No. 1

As noted above,¹⁹ in Amendment No. 1, as compared to the original proposal,²⁰ the Exchange: (i) represents that Directed Orders will not be routed to an ATS with which the Exchange has a financial arrangement; and (ii) updates the anticipated implementation date of the proposed rule change from the second quarter to the third quarter of 2022. The Commission finds that Amendment No. 1 to the proposal raises no novel regulatory issues, that it is reasonably designed to protect investors and the public interest, and that it is consistent with the requirements of the Act. Accordingly, the Commission finds good cause, pursuant to Section 19(b)(2) of the Act,²¹ to approve the proposed rule change, as modified by Amendment No. 1, on an accelerated basis.

VI. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,²² that the proposed rule change (SR-NYSECHX-2022-06), as modified by Amendment No. 1, be, and hereby is, approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²³

J. Matthew DeLesDernier,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-95422; File No. SR-CboeBZX-2022-006]

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Designation of a Longer Period for Commission Action on Proceedings To Determine Whether To Approve or Disapprove a Proposed Rule Change To List and Trade Shares of the WisdomTree Bitcoin Trust Under BZX Rule 14.11(e)(4), Commodity-Based Trust Shares

August 4, 2022.

On January 25, 2022, Cboe BZX Exchange, Inc. (“BZX”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”) ¹ and Rule 19b-4

thereunder,² a proposed rule change to list and trade shares of the WisdomTree Bitcoin Trust under BZX Rule 14.11(e)(4), Commodity-Based Trust Shares. The proposed rule change was published for comment in the **Federal Register** on February 14, 2022.³

On March 18, 2022, pursuant to Section 19(b)(2) of the Act,⁴ the Commission designated a longer period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to disapprove the proposed rule change.⁵ On May 13, 2022, the Commission instituted proceedings under Section 19(b)(2)(B) of the Act⁶ to determine whether to approve or disapprove the proposed rule change.⁷ The Commission has received no comments on the proposed rule change.

Section 19(b)(2) of the Act⁸ provides that, after initiating proceedings, the Commission shall issue an order approving or disapproving the proposed rule change not later than 180 days after the date of publication of notice of filing of the proposed rule change. The Commission may extend the period for issuing an order approving or disapproving the proposed rule change, however, by not more than 60 days if the Commission determines that a longer period is appropriate and publishes the reasons for such determination. The proposed rule change was published for comment in the **Federal Register** on February 14, 2022.⁹ The 180th day after publication of the proposed rule change is August 13, 2022. The Commission is extending the time period for approving or disapproving the proposed rule change for an additional 60 days.

The Commission finds that it is appropriate to designate a longer period within which to issue an order approving or disapproving the proposed rule change so that it has sufficient time to consider the proposed rule change and the issues raised therein. Accordingly, the Commission, pursuant to Section 19(b)(2) of the Act,¹⁰

designates October 12, 2022, as the date by which the Commission shall either approve or disapprove the proposed rule change (File No. SR-CboeBZX-2022-006).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹¹

J. Matthew DeLesDernier,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-95428; File No. SR-NYSEARCA-2022-25]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of Proposed Rule Change, as Modified by Amendment No. 1, To Add Subparagraph (f)(4) Regarding Directed Orders to NYSE Arca Rule 7.31-E

August 4, 2022.

I. Introduction

On April 20, 2022, NYSE Arca, Inc. (“NYSE Arca” or the “Exchange”) filed with the Securities and Exchange Commission (“Commission”) pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”) ¹ and Rule 19b-4 thereunder,² a proposed rule change to introduce Directed Orders. The proposed rule change was published for comment in the **Federal Register** on May 4, 2022.³ On June 16, 2022, the Commission extended to August 8, 2022, the time period in which to approve the proposal, disapprove the proposal, or institute proceedings to determine whether to approve or disapprove the proposal.⁴ On July 28, 2022, the Exchange filed Amendment No. 1 to the proposed rule change with the Commission and submitted Amendment No. 1 for inclusion in the public comment file.⁵

¹ 17 CFR 200.30-3(a)(57).

² 15 U.S.C. 78s(b)(1).

³ 17 CFR 240.19b-4.

⁴ See Securities Exchange Act Release No. 94843 (May 4, 2022), 87 FR 28081 (May 10, 2022) (SR-NYSEARCA-2022-25) (“Notice”).

⁵ See Securities Exchange Act Release No. 95116 (June 16, 2022), 87 FR 37543 (June 23, 2022).

⁶ In Amendment No. 1, the Exchange: (i) represents that Directed Orders will not be routed to an ATS with which the Exchange has a financial arrangement; and (ii) updates the anticipated implementation date of the proposed rule change from the second quarter to the third quarter of 2022. See Letter from Martha Redding, Associate General Counsel, NYSE Arca, Inc., to Secretary, Commission

¹⁹ See *supra* note 5.

²⁰ See Notice, *supra* note 3.

²¹ 15 U.S.C. 78s(b)(2).

²² 15 U.S.C. 78s(b)(2).

²³ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 94184 (Feb. 8, 2022), 87 FR 8318.

⁴ 15 U.S.C. 78s(b)(2).

⁵ See Securities Exchange Act Release No. 94476, 87 FR 16800 (Mar. 24, 2022). The Commission designated May 15, 2022, as the date by which it should approve, disapprove, or institute proceedings to determine whether to disapprove the proposed rule change.

⁶ 15 U.S.C. 78s(b)(2)(B).

⁷ See Securities Exchange Act Release No. 94907, 87 FR 30546 (May 19, 2022).

⁸ 15 U.S.C. 78s(b)(2).

⁹ See *supra* note 3 and accompanying text.

¹⁰ 15 U.S.C. 78s(b)(2).

The Commission is publishing notice of the filing of Amendment No. 1 to solicit comment from interested persons, and is approving the proposed rule change, as modified by Amendment No. 1, on an accelerated basis.⁶

II. Self-Regulatory Organization's Description of the Proposal, as Modified by Amendment No. 1

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 modify Rule 7.31-E (Orders and Modifiers) to add new subparagraph (f)(4) to provide for Directed Orders and to make other conforming changes to its Rules in connection with the addition of this new order type on the Exchange. The Directed Order, as further defined below, would be an order sent to the Exchange to be routed directly to an alternative trading system ("ATS") specified by an ETP Holder.⁷

The Exchange proposes to add Rule 7.31-E(f)(4), which would define a Directed Order as a Limit Order with instructions to route on arrival at its limit price to a specified ATS with which the Exchange maintains an electronic linkage. Proposed Rule 7.31-E(f)(4) would further provide that Directed Orders would be available for all securities eligible to trade on the Exchange. Proposed Rule 7.31-E(f)(4) would also provide that a Directed Order would not be assigned a working time or interact with interest on the NYSE Arca Book. The Exchange also proposes to provide in Rule 7.31-E(f)(4) that the ATS to which a Directed Order is routed would be responsible for validating whether the order is eligible

to be accepted, and if such ATS determines to reject the order, the order would be cancelled.

Proposed Rule 7.31-E(f)(4)(A) would provide that a Directed Order must be designated for the Exchange's Core Trading Session, as defined in Rule 7.34-E(a)(2).⁸

Proposed Rule 7.31-E(f)(4)(A) would further provide that a Directed Order must be designated with a Time in Force modifier of IOC⁹ or Day¹⁰ and would be routed to the specified ATS with such modifier. The Exchange proposes that a Directed Order designated IOC would be traded in whole or in part on the ATS to which it is routed after receipt of the order, and any untraded quantity would be cancelled. The Exchange proposes that a Directed Order designated Day would expire at the end of the Core Trading Session on the day it is entered. Proposed Rule 7.31-E(f)(1)(A) would also provide that a Directed Order may not be designated with any other modifiers defined in Rule 7.31-E.

Proposed Rule 7.31-E(f)(4)(B) would provide that a Directed Order in a security that is having its initial listing on the Exchange would be rejected if received before the IPO Auction concludes.

Proposed Rule 7.31-E(f)(4)(C) would provide that, during a trading halt or pause, an incoming Directed Order would be rejected.

Proposed Rule 7.31-E(f)(4)(D) would provide that a request to cancel a Directed Order designated Day would be routed to the ATS to which the order was routed.

The Exchange also proposes a conforming change to Rule 7.19-E (Pre-Trade Risk Controls). The Exchange proposes to modify Rule 7.19-E(a)(5), which sets forth the definition of Gross Credit Risk Limit and currently provides that unexecuted orders in the NYSE Arca Book, orders routed on arrival pursuant to Rule 7.37-E(a)(1), and executed orders are included for purposes of calculating the Gross Credit

Risk Limit. The Exchange proposes to modify Rule 7.19-E(a)(5) to specify that orders routed on arrival pursuant to Rule 7.31-E(f)(4) would also be included for purposes of the Gross Credit Risk Limit calculation.

The Exchange believes that the proposed rule change would facilitate additional trading opportunities by offering ETP Holders the ability to designate orders submitted to the Exchange to be routed to an ATS of their choosing for execution. The Exchange believes the proposed change would encourage ETP Holders to utilize the Exchange as a venue for order entry and further believes that the proposed change could create efficiencies for ETP Holders by enabling them to send orders that they wish to route to an alternate destination through the Exchange, thereby enabling them to leverage order entry protocols and specifications already configured for their interactions with the Exchange. The Exchange notes that the Directed Order, as proposed, would operate similarly to the Primary Only Order already offered by the Exchange, which is an order that is routed directly to the primary listing market on arrival, without being assigned a working time or interacting with interest on the NYSE Arca Book.¹¹ The Exchange also believes that the Directed Order would offer ETP Holders functionality akin to order types and routing options that currently exist on other equities exchanges.¹²

¹¹ See Rule 7.31-E(f)(1). NYSE Arca also offers variations of the Primary Only Order, including the Primary Only Until 9:45 Order, which is a Limit or Inside Limit Order that, on arrival and until 9:45 a.m. Eastern Time, routes to the primary listing market, and the Primary Only Until 3:55 Order, which is a Limit or Inside Limit Order entered on the Exchange until 3:55 p.m. Eastern Time, after which time the order is cancelled on the Exchange and routed to the primary listing market. See Rules 7.31-E(f)(2) and (f)(3). The Exchange's affiliated exchanges NYSE American LLC ("NYSE American"), NYSE Chicago, Inc. ("NYSE Chicago"), and NYSE National, Inc. ("NYSE National") (collectively, the "Affiliated Exchanges") also offer the Primary Only Order and variations thereof. See NYSE American Rules 7.31E(f)(1)-(f)(3); NYSE Chicago Rules 7.31(f)(1)-(f)(3); NYSE National Rules 7.31(f)(1)-(f)(3).

¹² See, e.g., Nasdaq Stock Market LLC ("Nasdaq"), Equity 4, Equity Trading Rules, Rule 4758(a)(ix) (defining the Nasdaq Directed Order as an order designed to use a routing strategy under which the order is directed to an automated trading center other than Nasdaq, as directed by the entering party, without checking the Nasdaq Book); Cboe EDGX Exchange, Inc. ("EDGX") Rules 11.8(c)(7) (defining the Routing/Directed ISO order type as an ISO that bypasses the EDGX system and is immediately routed by EDGX to a specified away trading center for execution) and 11.11(g)(2) (providing for the DRT routing option, in which an order is routed to an alternative trading system as instructed); Cboe EDGA Exchange, Inc. ("EDGA") Rules 11.8(c)(7) (defining the Routing/Directed ISO order type as an ISO that bypasses the EDGA system

Continued

(July 28, 2022). Amendment No. 1 is available at <https://www.sec.gov/comments/sr-nysearca-2022-25/srnysearca202225-20135099-306079.pdf>.

⁶ The Commission received one comment letter that is not germane to the proposal. See <https://www.sec.gov/comments/sr-nysearca-2022-25/srnysearca202225-289416.htm>.

⁷ Directed Orders will not be routed to an ATS with which the Exchange has a financial arrangement.

⁸ Because the Exchange proposes that Directed Orders may only be designated for the Core Trading Session, the Exchange also proposes conforming changes to Rule 7.34-E (Trading Sessions). Specifically, the Exchange proposes to modify Rule 7.34-E(c)(1)(E) to provide that Directed Orders designated for the Early Trading Session would be rejected and Rule 7.34-E(c)(3)(C) to provide that Directed Orders designated for the Late Trading Session would be rejected.

⁹ See Rule 7.31-E(b)(2), which provides that a Limit Order may be designated with an Immediate-or-Cancel ("IOC") modifier.

¹⁰ See Rule 7.31-E(b)(1), which provides that orders may be designated with a Day modifier, and that an order to buy or sell designated Day, if not traded, will expire at the end of the designated session on the day on which it was entered.

Because of the technology changes associated with this proposed rule change, the Exchange will announce the implementation date by Trader Update.¹³ Subject to effectiveness of this proposed rule change, the Exchange anticipates that the proposed change will be implemented in the third quarter of 2022.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Securities Exchange Act of 1934,¹⁴ in general, and furthers the objectives of Section 6(b)(5),¹⁵ 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.

The Exchange believes that the proposed rule change is designed to remove impediments to and perfect the mechanism of a free and open market and promote just and equitable principles of trade because the Directed Order would offer ETP Holders access to additional trading opportunities by permitting them to designate orders submitted to the Exchange to be routed directly to a specified ATS for

and is immediately routed by EDGA to a specified away trading center for execution) and 11.11(g)(2) (providing for the DRT routing option, in which an order is routed to an alternative trading system as instructed); Cboe BZX Exchange, Inc. ("BZX") Rules 11.13(b)(3)(D) (providing for the DRT routing option, in which an order is routed to an alternative trading system as instructed) and 11.13(b)(3)(F) (defining the Directed ISO routing option, under which an ISO order would bypass the BZX system and be sent to a specified away trading center); Cboe BYX Exchange, Inc. ("BYX") Rules 11.13(b)(3)(D) (providing for the DRT routing option, in which an order is routed to an alternative trading system as instructed) and 11.13(b)(3)(F) (defining the Directed ISO routing option, under which an ISO order would bypass the BYX system and be sent to a specified away trading center). The Exchange also believes that the Directed Order would provide functionality similar to the C-LNK routing strategy formerly offered by EDGA, in which C-LNK orders bypassed EDGA's local book and routed directly to a specified Single Dealer Platform destination. See Securities Exchange Act Release No. 82904 (March 20, 2018), 83 FR 12995 (March 26, 2018) (SR-CboeEDGA-2018-004) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Expand an Offering Known as Cboe Connect To Provide Connectivity to Single-Dealer Platforms Connected to the Exchange's Network and To Propose a Per Share Executed Fee for Such Service).

¹³ The Exchange will also provide information regarding the ATS(s) to which a Directed Order may be designated to route by Trader Update.

¹⁴ 15 U.S.C. 78f(b).

¹⁵ 15 U.S.C. 78f(b)(5).

execution. The Exchange further believes that the proposed change would remove impediments to and perfect the mechanism of a free and open market by offering ETP Holders the option to send orders that they wish to route to an alternate destination for execution through the Exchange, which would create efficiencies to the extent ETP Holders are able to leverage existing protocols and specifications. Finally, the Exchange notes that the proposed functionality is not novel, as both the Exchange and other exchanges offer their members functionality whereby an exchange routes orders on behalf of a member to a specified trading center without such order interacting with the exchange's book.¹⁶

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 Exchange believes that the proposed rules governing Directed Orders would promote competition because they would provide for an order type on the Exchange that would facilitate additional trading opportunities for market participants. The Exchange further believes that the proposed rules would allow it to offer ETP Holders functionality similar to order types and routing options that exist on other equities exchanges, thereby enabling the Exchange to compete with such exchanges.¹⁷

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. Discussion and Commission Findings

After careful review of the proposal, the Commission finds that the proposed rule change, as modified by Amendment No. 1, is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.¹⁸ In particular, the Commission finds that the proposed rule change, as modified by Amendment No. 1, is consistent with

¹⁶ See notes 11 & 12, *supra*.

¹⁷ See note 12, *supra*.

¹⁸ 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).

Section 6(b)(5) of the Act,¹⁹ 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 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, and that the rules of a national securities exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

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 it would provide ETP Holders with additional trading opportunities by providing them with the option to designate orders to be routed by the Exchange directly to a specified ATS for execution. The use of Directed Orders would be voluntary, and the Exchange represents that it would not direct orders to any ATSs with which the Exchange has a financial relationship. The Commission also believes that the proposed rule change would not permit unfair discrimination among customers, brokers, or dealers because Directed Orders will be available to all ETP Holders on an equal basis. Finally, the Commission believes that the proposed changes to Exchange Rule 7.19-E(a)(5) will ensure that Directed Orders are included in the calculation of Gross Credit Risk Limit.

IV. Solicitation of Comments on Amendment No. 1 to the Proposed Rule Change

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether Amendment No. 1 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
- Send an email to rule-comments@sec.gov. Please include File Number SR-NYSEARCA-2022-25 on the subject line.

¹⁹ 15 U.S.C. 78f(b)(5).

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–NYSEARCA–2022–25. 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 (<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–NYSEARCA–2022–25 and should be submitted on or before August 31, 2022.

V. Accelerated Approval of Amendment No. 1

As noted above,²⁰ in Amendment No. 1, as compared to the original proposal,²¹ the Exchange: (i) represents that Directed Orders will not be routed to an ATS with which the Exchange has a financial arrangement; and (ii) updates the anticipated implementation date of the proposed rule change from the second quarter to the third quarter of 2022. The Commission finds that Amendment No. 1 to the proposal raises no novel regulatory issues, that it is reasonably designed to protect investors and the public interest, and that it is consistent with the requirements of the Act. Accordingly, the Commission finds

good cause, pursuant to Section 19(b)(2) of the Act,²² to approve the proposed rule change, as modified by Amendment No. 1, on an accelerated basis.

VI. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,²³ that the proposed rule change (SR–NYSEARCA–2022–25), as modified by Amendment No. 1, be, and hereby is, approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁴

J. Matthew DeLesDernier,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–95423; File No. SR–NYSE–2022–20]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of Proposed Rule Change, as Modified by Amendment No. 1, To Add Subparagraph (f)(1) Regarding Directed Orders to NYSE Rule 7.31

August 4, 2022.

I. Introduction

On April 20, 2022, New York Stock Exchange, Inc. (“NYSE” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”) ¹ and Rule 19b–4 thereunder,² a proposed rule change to introduce Directed Orders. The proposed rule change was published for comment in the **Federal Register** on May 3, 2022.³ On June 16, 2022, the Commission extended to August 7, 2022, the time period in which to approve the proposal, disapprove the proposal, or institute proceedings to determine whether to approve or disapprove the proposal.⁴ On July 28, 2022, the Exchange filed Amendment No. 1 to the proposed rule change with the Commission and

²² 15 U.S.C. 78s(b)(2).

²³ 15 U.S.C. 78s(b)(2).

²⁴ 17 CFR 200.30–3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

³ See Securities Exchange Act Release No. 94839 (May 3, 2022), 87 FR 27679 (May 9, 2022) (SR–NYSE–2022–20) (“Notice”).

⁴ See Securities Exchange Act Release No. 95118 (June 16, 2022), 87 FR 37539 (June 23, 2022).

submitted Amendment No. 1 for inclusion in the public comment file.⁵ The Commission is publishing notice of the filing of Amendment No. 1 to solicit comment from interested persons, and is approving the proposed rule change, as modified by Amendment No. 1, on an accelerated basis.⁶

II. Self-Regulatory Organization's Description of the Proposal, as Modified by Amendment No. 1

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 modify Rule 7.31 (Orders and Modifiers) to designate subparagraph (f) as describing orders with specific routing instructions and to add new subparagraph (f)(1) to provide for Directed Orders. The Exchange also proposes to make other conforming changes to its Rules in connection with the addition of this new order type on the Exchange. The Directed Order, as further defined below, would be an order sent to the Exchange to be routed directly to an alternative trading system (“ATS”) specified by a member organization.⁷

The Exchange proposes to rename Rule 7.31(f), which is currently designated as Reserved, to “Orders with Specific Routing Instructions.” The Exchange also proposes to add Rule 7.31(f)(1), which would define a Directed Order as a Limit Order with instructions to route on arrival at its

⁵ In Amendment No. 1, the Exchange: (i) represents that Directed Orders will not be routed to an ATS with which the Exchange has a financial arrangement; and (ii) updates the anticipated implementation date of the proposed rule change from the second quarter to the third quarter of 2022. See Letter from Martha Redding, Associate General Counsel, NYSE LLC, to Secretary, Commission (July 28, 2022). Amendment No. 1 is available at <https://www.sec.gov/comments/sr-nyse-2022-20/srnyse202220-20135101-306081.pdf>.

⁶ The Commission received one comment letter that is not germane to the proposal. See <https://www.sec.gov/comments/sr-nyse-2022-20/srnyse202220-289428.htm>.

⁷ Directed Orders will not be routed to an ATS with which the Exchange has a financial arrangement.

²⁰ See *supra* note 5.

²¹ See Notice, *supra* note 3.