

or between the BBO at the conclusion of the Auction, thus respecting prices from away markets while providing an Agency Order with the opportunity to benefit from any market changes that occur during an auction. Additionally, customers will continue to never receive an execution at a price worse than the auction/stop price.

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 does not believe the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act, because it will apply uniformly to AIM and SAM orders and responses of all TPHs. Additionally, the Exchange notes that participation in the AIM and SAM Auctions is completely voluntary. The Exchange believes all market participants may benefit from any additional price improvement in the AIM and SAM Auctions that may result from the proposed rule change. The Exchange does not believe the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act, as the proposed rule change relates to Exchange-specific auction mechanisms and, as noted above, will continue to ensure that execution prices occur in a manner consistent with linkage rules and protect customers on the book. As noted above, at least one other options exchange with similar auction mechanisms does not limit executions prices to being at or better than the Initial NBBO.²⁰

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

The Exchange neither solicited nor received comments on the proposed rule change.

²⁰ See, e.g., ISE Rulebook Options 3, Section 11(d)(3) (permissible execution prices for orders submitted into the solicited order mechanism (comparable to SAM) do not take into account prices of away markets); and Section 13(d) (permissible execution prices for orders submitted into the price improvement mechanism (comparable to AIM) do not take into account prices of away markets).

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not:

A. significantly affect the protection of investors or the public interest;

B. impose any significant burden on competition; and

C. become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act²¹ and Rule 19b-4(f)(6)²² thereunder. At any time within 60 days of the filing of the 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 will institute proceedings 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 (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-CBOE-2024-052 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-CBOE-2024-052. 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

²¹ 15 U.S.C. 78s(b)(3)(A).

²² 17 CFR 240.19b-4(f)(6).

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-CBOE-2024-052 and should be submitted on or before January 2, 2025.

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

Sherry R. Haywood,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-101838; File No. SR-NYSE-2024-77]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Rule 346

December 6, 2024.

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 December 3, 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.

²³ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend Rule 346 to add clarity to the process for a broker-dealer to become or remain a member organization notwithstanding a statutory disqualification. 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 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 346 to add clarity to the process to permit a member organization to become or remain a member organization notwithstanding a statutory disqualification.

Background and Proposed Rule Filing

Section 3(a)(39) of the Act defines the term "statutory disqualification" and the circumstances that can cause a person (either a Member, or a person associated with a Member) to be subject to a statutory disqualification.⁴ Absent relief, a statutory disqualification would preclude a broker-dealer or person associated with a broker-dealer from certain activities, including membership in a self-regulatory organization ("SRO").

There is, however, a well-established process through which a broker-dealer (or a person associated with a broker-dealer) may continue to operate in the securities industry (and either become a member of, or continue as a member of, one or more SROs) despite being subject to a statutory disqualification.⁵ In

particular, SEC Rule 19h-1⁶ describes several ways an SRO may seek relief for a member (or prospective member) that is subject to a statutory disqualification, including whether an SRO must file a notice with the Commission in order to allow the disqualified firm to become or continue as a member with the SRO (a "19h-1 Notice"). A 19h-1 Notice does not, for instance, need to be filed by an SRO if the firm subject to a statutory disqualification is a member of at least one other SRO, and that SRO intends to file a 19h-1 Notice for the firm.⁷

Rule 346 (Statutory Disqualification—Association of Member Organizations, and Persons Associated With Member Organizations) provides that, except as otherwise permitted by the Exchange, no member organization, principal executive, approved person, person associated with a member organization or any person directly or indirectly controlling, controlled by or under common control with a member organization shall have associated with him or it any person who is known, or in the exercise of reasonable care should be known, to be subject to any "statutory disqualification" defined in Section 3(a)(39) of the Act.

Recently, a non-member broker-dealer firm subject to a statutory disqualification that is currently under review by the Financial Industry Regulatory Authority, Inc. ("FINRA") applied for Exchange membership.⁸ In reviewing this application, the Exchange determined that this situation is not explicitly addressed in its rules as it is in the rules of other exchanges.⁹ Specifically, BOX, Cboe BZX, Cboe BYX, Cboe EDGX, and Cboe EDGA each amended their respective rules in 2016 to provide more clarity as to the authority of each exchange to determine whether to admit a prospective member that is subject to a statutory disqualification.¹⁰ The 2016 rule change

Establish Procedures Applicable to Firms and Associated Persons Subject to Certain Statutory Disqualifications").

⁶ 17 CFR 240.19h-1.

⁷ *Id.* at (a)(3).

⁸ The processing of new membership applications at the Exchange includes statutory disqualification disclosures and background investigations. Review, assessment, and processing of these membership applications has been conducted on behalf of the Exchange by FINRA pursuant to a regulatory services agreement.

⁹ See *Cboe EDGX Exchange, Inc.* ("Cboe EDGX") Rule 2.5(a) & Interpretation and Policies .04; *Cboe BZX Exchange, Inc.* ("Cboe BZX") Rule 2.5(a) & Interpretation and Policies .04; *Cboe BYX Exchange, Inc.* ("Cboe BYX") Rule 2.5(a) & Interpretation and Policies .04; *Cboe EDGA Exchange, Inc.* ("Cboe EDGA") Rule 2.5(a) & Interpretation and Policies .04; and *BOX Options Exchange LLC* ("BOX") Rule 2040(a) & IM-2040-08.

¹⁰ See Securities Exchange Act Release No. 78449 (August 1, 2016), 81 FR 51947 (August 5, 2016)

filing of these exchanges also amended several other aspects of their application procedures, but the Exchange only seeks to harmonize its rules insofar as they apply to member organizations and prospective member organizations (and associated persons of member organizations) that are subject to a statutory disqualification in order to address the membership application described herein.¹¹

The Exchange accordingly proposes to align its rule with these other exchanges specifically with respect to the process of assessing an applicant for membership that is subject to a statutory disqualification.¹² As discussed below, the Exchange is making the proposed rule changes and seeks waiver of the 30-day operative delay in order to address an unusual and time sensitive situation in which a firm subject to a statutory disqualification seeks to become an Exchange member organization during the pendency of the process by which the firm is seeking relief from the statutory disqualification.

To effectuate these changes, the Exchange proposes to add Supplementary Material .01 to Rule 346 to provide that the Exchange could approve an applicant for membership (or association with a member organization) that is subject to a

(SR-BOX-2016-26); Securities Exchange Act Release No. 79229 (November 3, 2016), 81 FR 78875 (November 9, 2016) (SR-BatsBZX-2016-67); Securities Exchange Act Release No. 79233 (November 3, 2016), 81 FR 78869 (November 9, 2016) (SR-BatsBYX-2016-28); Securities Exchange Act Release No. 79234 (November 3, 2016), 81 FR 78867 (November 9, 2016) (SR-BatsEDGA-2016-23); Securities Exchange Act Release No. 79236 (November 3, 2016), 81 FR 78878 (November 9, 2016) (SR-BatsEDGX2016-59).

¹¹ The 2016 rule filings also added some other conditions for eligibility for exchange membership such as adding a restriction that members must meet any condition the exchange placed on such member, which the Exchange believes are adequately addressed in other Exchange rules. See, e.g., Rule 301 (Qualifications for Membership); Rule 311 (Formation and Approval of Member Organizations). Moreover, the Rule 9520 Series sets forth procedures for a covered person (defined in Rule 9120(g) as a member, principal executive, approved person, registered or non-registered employee of a member organization, or other person (excluding a member organization) subject to the jurisdiction of the Exchange) to become or remain associated with a member organization notwithstanding the existence of a statutory disqualification as defined in Section 3(a)(39) of the Act, and for a current member organization or covered person to obtain relief from the eligibility or qualification requirements of the Exchange's Rules, referred to in the Rule as "eligibility proceedings."

¹² The proposed changes mirror the language in the following rules: BOX Rule 2040(a) and IM-2040-08; Cboe BZX Rule 2.5(a) and Interpretation and Policies .04; Cboe BYX Rule 2.5(a) and Interpretation and Policies .04; Cboe EDGA Rule 2.5(a) and Interpretation and Policies .04; and Cboe EDGX Rule 2.5(a) and Interpretation and Policies .04.

⁴ 15 U.S.C. 78c(a)(39).

⁵ See FINRA Regulatory Notice 09-19 ("Amendments to FINRA Rule 9520 Series to

statutory disqualification when a proceeding is pending before another SRO to determine whether to permit a member organization, principal executive, approved person, person associated with a member organization or any person directly or indirectly controlling, controlled by or under common control with a member organization to become or continue membership or association notwithstanding a statutory disqualification. This provision, which is consistent with SEC Rule 19h-1(a)(3), would provide as follows (additions italicized):

.01 Statutory Disqualification Proceedings Pending Before Another SRO. The Exchange may waive the provisions of this Rule when a proceeding is pending before another self-regulatory organization to determine whether to permit a member or associated person of a member to become or continue membership or association notwithstanding a statutory disqualification. In the event the Exchange determines to waive the provisions of this Rule with respect to an existing or prospective member organization, principal executive, approved person, person associated with a member organization or any person directly or indirectly controlling, controlled by or under common control with a member organization, the Exchange shall determine whether it will concur in any Exchange Act Rule 19h-1 filing made by another self-regulatory organization with respect to such person.

This Supplementary Material is substantively identical to IM-2040-8 to BOX Rule 2040 and Interpretation and Policies .04 to Cboe BZX, BYX, EDGX, and EDGA Rules 2.5, except for language clarifying that the new supplementary material would apply to both prospective and existing member organizations, principal executives, approved persons, persons associated with a member organization or any person directly or indirectly controlling, controlled by or under common control with a member organization.

The Exchange believes that the proposed rule change would appropriately align its rules with the Commission's rules regarding statutory disqualifications and harmonize the Exchange's process with several other SROs. The Exchange notes that in assessing the statutory disqualification of a member organization or prospective member organization, it must act consistent with the protection of investors and in the public interest and cannot unfairly discriminate against existing or prospective member

organizations.¹³ Moreover, as noted above, a current member organization or covered person can seek relief from the Exchange's eligibility or qualification requirements pursuant to the Rule 9520 Series.¹⁴ In addition, any prospective member organization that has been denied membership in the Exchange or barred from becoming associated with a member organization is entitled to certain due process pursuant to the Rule 308 (Acceptability Proceedings), which includes, but is not limited to, potential review by the Commission.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act¹⁵ in general, and furthers the objectives of Section 6(b)(5),¹⁶ 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 would better align the Exchange's rules with the Commission's rules regarding statutory disqualifications and enable a consistent process across the Exchange and several other SROs to make appropriate filings with respect to persons subject to a statutory disqualification, thereby protecting investors and the public interest by providing more clarity and consistency with respect to the process of seeking relief from a statutory disqualification and in general enabling the Exchange to more efficiently administer membership applications involving statutory disqualifications. The Exchange further 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, in general, protect investors and the public interest, and add clarity, transparency and consistency to the Exchange's disciplinary rules. The Exchange believes that market participants would benefit from the increased clarity, thereby reducing potential confusion.

¹³ 15 U.S.C. 78f(b)(5).

¹⁴ See note 11, *supra*.

¹⁵ 15 U.S.C. 78f(b).

¹⁶ 15 U.S.C. 78f(b)(5).

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 aligning the Exchange's rules with those of other exchanges and with the Commission's approach to handling firms that are subject to statutory disqualification.

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

Because the foregoing 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 for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act¹⁷ and Rule 19b-4(f)(6) thereunder.¹⁸

A proposed rule change filed under Rule 19b-4(f)(6)¹⁹ normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b4(f)(6)(iii),²⁰ the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. NYSE has asked the Commission to waive the 30-day operative delay so that the proposed rule change may become operative upon filing. NYSE states that waiving the 30-day delay in this manner would allow the Exchange to address an unusual and time sensitive situation in which a firm subject to a statutory disqualification seeks to become an Exchange member organization during the pendency of the process by which the firm is seeking relief from the

¹⁷ 15 U.S.C. 78s(b)(3)(A).

¹⁸ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) 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. NYSE has satisfied this requirement.

¹⁹ 17 CFR 240.19b-4(f)(6).

²⁰ 17 CFR 240.19b-4(f)(6)(iii).

statutory disqualification. For this reason, the Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest. Therefore, the Commission hereby waives the operative delay and designates the proposal operative upon filing.

At any time within 60 days of the filing of the 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 to determine whether the proposed rule 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-2024-77 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-2024-77. 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-2024-77 and should be submitted on or before January 2, 2025.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²¹

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2024-29150 Filed 12-11-24; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-101833; File No. SR-NYSE-2024-77]

Self-Regulatory Organizations; NYSE National, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Rule 2.4(a)

December 6, 2024.

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 December 3, 2024, NYSE National, Inc. ("NYSE National" 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 substantially 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 Rule 2.4(a) to add clarity to the process for a broker-dealer to become an ETP Holder or remain an ETP Holder on the Exchange notwithstanding the existence of a statutory disqualification. 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 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 2.4(a) to add clarity to the process for a broker-dealer to become an ETP Holder or remain an ETP Holder on the Exchange notwithstanding the existence of a statutory disqualification.

Background and Proposed Rule Filing

Section 3(a)(39) of the Act defines the term "statutory disqualification" and the circumstances that can cause a person (either a Member, or a person associated with a Member) to be subject to a statutory disqualification.⁴ Absent relief, a statutory disqualification would preclude a broker-dealer or person associated with a broker-dealer from certain activities, including membership in a self-regulatory organization ("SRO").

There is, however, a well-established process through which a broker-dealer (or a person associated with a broker-dealer) may continue to operate in the securities industry (and either become a member of, or continue as a member of, one or more SROs) despite being subject to a statutory disqualification.⁵ In particular, SEC Rule 19h-1⁶ describes several ways an SRO may seek relief for a member (or prospective member) that is subject to a statutory disqualification, including whether an SRO must file a notice with the Commission in order to allow the disqualified firm to become or continue as a member with the SRO (a "19h-1 Notice"). A 19h-1 Notice does

⁴ 15 U.S.C. 78c(a)(39).

⁵ See FINRA Regulatory Notice 09-19 ("Amendments to FINRA Rule 9520 Series to Establish Procedures Applicable to Firms and Associated Persons Subject to Certain Statutory Disqualifications").

⁶ 17 CFR 240.19h-1.

²¹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.