



**SECURITIES AND EXCHANGE COMMISSION**

**[Release No. 34-102877; File No. SR-NYSE-2025-14]**

**Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change of New Section 108.00 in the NYSE Listed Company Manual**

April 17, 2025.

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (“Act”),<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that on April 10, 2025, New York Stock Exchange LLC (“NYSE” or the “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. 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 (1) a new Section 108.00 (“Principal Underwriter”) in the NYSE Listed Company Manual establishing requirements for the engagement of the principal underwriter by an issuer seeking approval for initial listing in connection with a transaction involving an underwriter; and (2) amendments to Rule 2 and a new Rule 310 establishing a category of market participant granted access to the Exchange for the limited purpose of performing underwriting activity as a principal underwriter and imposing related requirements for principal underwriting activity. The proposed rule change is available on the Exchange’s website at [www.nyse.com](http://www.nyse.com), at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 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 a new Section 108.00 (“Principal Underwriter”) of the NYSE Listed Company Manual (the “Manual”), requiring that any issuer applying to list in connection with a transaction involving an underwriter must have a principal underwriter that is a member organization as defined in Rule 2 of the rules of the Exchange or a Limited Underwriting Member, as defined in proposed Rule 2(k) of the rules of the Exchange. The Exchange also proposes amendments to Rule 2 (“Member,” “Membership,” “Member Firm,” etc.) and a new Rule 310 titled “Limited Underwriting Members and Associated Persons” establishing a category of market participant that is a member of the Financial Industry Regulatory Authority (“FINRA”) and that would qualify as a “Limited Underwriting Member” for purposes of proposed Section 108.00 of the Manual. Proposed Section 108.00 is based on Rule 5210 and proposed Rule 310 is based on General 3, Rule 1031 of the rules of The Nasdaq Stock Market LLC (“Nasdaq”).

Background and Proposed Rule Change

Nasdaq recently created a new, non-trading limited underwriter membership class and imposed related requirements for principal underwriting activity.<sup>4</sup> The impetus for the rule

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<sup>4</sup> See Securities Exchange Act Release No. 99846 (March 22, 2024), 89 FR 21629 (March 28, 2024) (SR-NASDAQ-2023-022) (Notice of Filing of Amendment No. 3 and Order Granting Accelerated Approval of

change came from the critical role underwriters play as gatekeepers to the capital markets in connection with the trading of newly issued securities.<sup>5</sup> Generally, exchanges rely on underwriters to select the selling syndicate and ensure that the shares are placed in a way that is reasonably designed to allow liquid trading, consistent with exchange listing requirements and the successful introduction of the company to the market place.<sup>6</sup> There is currently no requirement that underwriters of companies going public on the Exchange be NYSE member organizations and, unless the underwriter is also an Exchange member organization, the Exchange currently does not have authority to require responses to investigative inquiries or to enforce its rules directly against non-member underwriters.

The Exchange similarly proposes to establish a category of market participant known as “Limited Underwriting Member” that would be granted access to the Exchange for the limited purpose of acting as a principal underwriter<sup>7</sup> (an “Initial Listing Principal Underwriter”) of an underwritten public offering in connection with which a company seeks to list on the Exchange. As with the Nasdaq rule, access to the Exchange for this limited purpose would not confer trading privileges on Limited Underwriting Members. As a result, this category of market participant would not constitute a traditional Exchange membership under Rule 2(b)(i), insofar as only a registered broker or dealer qualified and approved as a “member organization” pursuant to Rule 311 (Formation and Approval of Member Organizations) can acquire and hold an

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a Proposed Rule Change, as Modified by Amendment Nos. 2 and 3, To Create a New, Non-Trading Limited Underwriter Membership Class and Impose Related Requirements for Principal Underwriting Activity) (“Release No. 99846”).

<sup>5</sup> See *id.*, 89 FR at 21629-30. In 2022, the Exchange published a regulatory notice highlighting the important role of underwriters as gatekeepers in the IPO process and the applicability of market rules and the federal securities laws. See NYSE RM-22-18, November 17, 2022, available at [https://www.nyse.com/publicdocs/nyse/markets/nyse/rule-interpretations/2022/NYSER\\_Reg\\_Memo\\_-\\_Regulatory\\_Scrutiny\\_in\\_Connection\\_with\\_IPOs\\_\(2022.11.17\\_final\).pdf](https://www.nyse.com/publicdocs/nyse/markets/nyse/rule-interpretations/2022/NYSER_Reg_Memo_-_Regulatory_Scrutiny_in_Connection_with_IPOs_(2022.11.17_final).pdf). FINRA and Nasdaq published similar bulletins around the same time. See <https://www.finra.org/rules-guidance/notices/22-25>; <https://www.nasdaqtrader.com/MicroNews.aspx?id=ERA2022-9>.

<sup>6</sup> See Release No. 99846, 89 FR at 21630.

<sup>7</sup> “Principal underwriter” will have the same definition used in Rule 405 promulgated under the Securities Act of 1933 (“Securities Act”), i.e., an underwriter in privity of contract with the issuer of the securities as to which he is underwriter. The term “issuer” in the definition of “principal underwriter” has the meaning given in Sections 2(4) and 2(11) of the Securities Act. See 17 CFR 230.405.

Exchange-issued trading license under Rule 300 (Trading Licenses).

Rather, Limited Underwriting Members would fall within Rule 2(b)(ii), which provides that a member organization also includes any registered broker or dealer which does not own a trading license and agrees to be regulated by the Exchange as a member organization and which the Exchange has agreed to regulate.<sup>8</sup> For the avoidance of doubt, the Exchange proposes to amend Rule 2(b)(ii) to make explicit that member organization as defined therein would include a Limited Underwriting Member.<sup>9</sup>

To effectuate these changes, the Exchange would amend Rule 2 as follows. First, the Exchange would add the clause “, including Limited Underwriting Members as defined herein” at the end of Rule 2(b)(ii). As amended, Rule 2(b)(ii) would provide (additions italicized):

The term "member organization" also includes any registered broker or dealer which does not own a trading license and agrees to be regulated by the Exchange as a member organization and which the Exchange has agreed to regulate, including Limited Underwriting Members as defined herein.

Second, the Exchange would add a new subsection (k) that would provide that the term

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<sup>8</sup> Because the proposed rules would establish the authority for the Exchange to require responses to investigative inquiries and take appropriate enforcement action when a Limited Underwriting Member violates one of the rules enumerated in proposed Rule 310(c)(1), Limited Underwriting Members would be “members” of a national securities exchange under the Act based on their agreement to be regulated by the Exchange in connection with underwriting activity. See 15 U.S.C. 78c(a)(3)(A)(iv) (“The term ‘member’ when used with respect to a national securities exchange means ... any other registered broker or dealer which agrees to be regulated by such exchange and with respect to which the exchange undertakes to enforce compliance with the provisions of this chapter, the rules and regulations thereunder, and its own rules.”). See the discussion of Rule 310, Supplementary Material .01, *infra*. Rule 2(a), however, provides that “member,” when used to denote a natural person, means a natural person associated with a member organization who has been approved by the Exchange and designated by such member organization to effect transactions on the trading floor of the Exchange (the “Floor”) or any facility thereof.

<sup>9</sup> The Fourteenth Amended and Restated Operating Agreement of the New York Stock Exchange LLC (“Operating Agreement”) would include Limited Underwriting Members as Member Organizations. See Operating Agreement Article II, Section 2.02 (Rules; Supervision of Member Organizations) (defining “Member Organizations” as “members, and member organizations of the [Exchange]”). Limited Underwriting Members would therefore have the right to nominate, and vote for, petition candidates for election as Non-Affiliated Directors under the Operating Agreement, as do all other current Member Organizations. See Operating Agreement, Article II, Section 2.03(a) (Board). Given that the existing Operating Agreement provisions apply equally to Limited Underwriting Members, the proposal provides for the fair representation of members in the selection of directors and the administration of the Exchange consistent with the requirements of section 6(b)(3) of the Act. See 15 U.S.C. 78f(b)(6).

“Limited Underwriting Member” means a registered broker or dealer that is subject to the jurisdiction of the Exchange solely for purposes of Rule 310 and the rules enumerated in Rule 310(c)(1). The proposed definition is substantially similar to General 1, Nasdaq Rule 1(b)(20) defining a “Limited Underwriting Member” as a broker or dealer admitted to limited underwriting membership in Nasdaq. The Exchange does not propose to adopt language similar to General 3, Nasdaq Rule 1031(c)(1), which provides that for purposes of interpreting and applying its rules relating to Limited Underwriting Members, references to “Member,” “Members,” or “membership” shall be functionally equivalent to “Limited Underwriting Member,” “Limited Underwriting Members,” or “limited underwriting membership” respectively. The Exchange believes that the proposed amendments to Rule 2(b)(ii) render it unnecessary for the Exchange to adopt the language from the Nasdaq rule.

The Exchange would also add a new Rule 310 titled “Limited Underwriting Members and Associated Persons” governing eligibility, access and rules applicable to proposed Limited Underwriting Members. As proposed, any registered broker or dealer with a disciplinary history satisfactory to the Exchange would be eligible for approval by the Exchange to operate as a Limited Underwriting Member, except such registered brokers or dealers as are excluded under Rule 346 (Statutory Disqualification – Association of Member Organizations, and Persons Associated With Member Organizations).<sup>10</sup> The proposed language is substantially the same as General 3, Nasdaq Rule 1031(a)(1) and (c)(2) except for the explicit requirement that proposed Limited Underwriting Members have a disciplinary history acceptable to the Exchange.<sup>11</sup>

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<sup>10</sup> See proposed Rule 310(a)(i) (Eligibility to Become Limited Underwriting Members and Associated Persons).

<sup>11</sup> In order to make a determination of the firm’s eligibility for purposes of proposed Rule 310(a), as part of the application process to become a Limited Underwriting Member, the Exchange would determine whether the Limited Underwriting Member was a FINRA member in good standing and examine the prospective applicant’s relevant regulatory history, which would include an assessment of any open or ongoing disciplinary or other regulatory matters by FINRA, the Commission or any other regulator. Associated persons of Limited Underwriting Members that would be responsible for the Limited Underwriting Member’s activity on the Exchange as an Initial Listing Principal Underwriter for purposes of Section 310(b) would be similarly identified and vetted as part of the application process. Pursuant to proposed Rule 310(c)(2) discussed below, Limited Underwriting Members must at all times be FINRA

Additionally, the associated persons of Limited Underwriting Members that will be responsible for activity of the Limited Underwriting Member as an Initial Listing Principal Underwriter for purposes of Section 310(b) must be identified on the application. Like the Nasdaq rule, any person shall be eligible to become an Associated Person of a Limited Underwriting Member, except such persons as are excluded under Rule 346.<sup>12</sup> Once again, the proposed language is substantially the same as General 3, Nasdaq Rule 1031(a)(2) and (c)(2).

Pursuant to proposed Rule 310(b) (Access to the Exchange), approval by the Exchange to operate as a Limited Underwriting Member provides no rights to transact on the Exchange. As proposed, approval by the Exchange of a firm to operate as a Limited Underwriting Member would solely permit such firm to act as a principal underwriter (an “Initial Listing Principal Underwriter”) of an underwritten public offering in connection with which a company seeks to list on the Exchange. A firm that is not an Exchange member organization cannot act as an Initial Listing Principal Underwriter unless such firm is a Limited Underwriting Member. These requirements are similar to Nasdaq Rule General 3, Nasdaq Rule 1031(b), except, as noted, proposed Limited Underwriting Members would not be Exchange member organizations.

The Exchange proposes to apply a limited ruleset to Limited Underwriting Members and their associated persons aimed at maintaining the fairness and integrity of the underwriting process on the Exchange. Like Nasdaq, the Exchange proposes to apply: (1) conduct rules relevant to underwriting activity; (2) supervision rules; (3) applicable fee-related rules; and (4) disciplinary rules. Finally, although Nasdaq applied certain administrative, business continuity, and registration-related rules (for example, certain rules set forth in Nasdaq General 2 and 4), the Exchange does not propose applying analogous Exchange rules (where such rules exist), because Limited Underwriting Members already would be subject to similar requirements under FINRA

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members and associated persons of Limited Underwriting Members must at all times be properly qualified and registered under FINRA rules.

<sup>12</sup> See proposed Rule 310(a)(ii).

rules.

Specifically, the Exchange proposes to provide in proposed Rule 310(c)(1) (Rules Applicable to Limited Underwriting Members) that Limited Underwriting Members and their associated persons would be subject only to the following rules: Rule 0 (Regulation of the Exchange and its Member Organizations); Rule 2B.1 (Affiliation between Exchange and a Member Organization); Rule 308 (Acceptability Proceedings); Rule 309 (Collection of and Failure to Pay Exchange Fees); Rule 345.14 (Payment of fees); Rule 346 (Statutory Disqualification – Association of Member Organizations, and Persons Associated With Member Organizations); Rule 2010 (Standards of Commercial Honor and Principles of Trade); Rule 2020 (Use of Manipulative, Deceptive or Other Fraudulent Devices); Rule 2050 (Other Offenses); Rule 6140 (Other Trading Practices) (to be grouped together in proposed Rule 310(c) as “Conduct Rules”); Rule 3110 (Supervision); Rule 3120 (Supervisory Control Systems); Rule 3220 (Influencing or Rewarding Employees of Others); Rule 5190 (Notification Requirements for Offering Participants); Rules 8000-8330 (Disciplinary Rules (Investigations and Sanctions)), with the exception of Rule 8211(Automated Submission of Trading Data Requested by the Exchange) and Rule 9557 (Procedures for Regulating Activities Under Rules 4110, 4120 and 4130 Regarding a Member Organization Experiencing Financial or Operational Difficulties); and Rules 9000-9870 (Disciplinary Rules (Procedural)).

The Exchange proposes to apply Rule 0 (Regulation of the Exchange and its Member Organizations) in order to apply requirements related to the Exchange’s Regulatory Services Agreement with FINRA set forth in subsection (a) as well as the requirements in subsection (b) that Exchange Rules apply to all member organizations and persons associated with member organizations, and that persons associated with a member organization have the same duties and obligations as a member organization under Exchange Rules.

The Exchange proposes to apply Rule 2B.1 (Affiliation between Exchange and a Member Organization) in order to apply the limitations on affiliation between the Exchange and a Limited

Underwriting Member.

The Exchange proposes to apply Rule 308 (Acceptability Proceedings) to proposed Limited Underwriting Members in order to permit challenges to Exchange disapprovals of Limited Underwriting Member applications.<sup>13</sup>

The Exchange proposes to apply Rule 309 to facilitate the Exchange's ability to collect fees for Limited Underwriting Members.<sup>14</sup> Relatedly, the Exchange proposes to apply Supplementary Material .14 of Rule 345, which provides that members and member organizations shall pay registration, maintenance, filing, and other related fees as prescribed by the Exchange.

In addition, the Exchange would apply Rule 346 (Statutory Disqualification – Association of Member Organizations, and Persons Associated With Member Organizations) to Limited Underwriting Members and their associated persons. As noted above, under proposed Rule 310(a)(i) registered brokers or dealers subject to Rule 346 would be ineligible to become a Limited Underwriting Member. Under proposed Rule 310(a)(ii), persons subject to Rule 346 would similarly be ineligible to be associated with a Limited Underwriting Member. Applying Rule 346 to Limited Underwriting Members and their associated persons would cover statutory disqualifications that could arise after a broker or dealer becomes a Limited Underwriting Member.

The Exchange also proposes to apply certain conduct rules<sup>15</sup> to Limited Underwriting

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<sup>13</sup> See note 9, *supra*.

<sup>14</sup> The Exchange proposes to establish fees for Limited Underwriting Members in a separate rule filing once proposed Rule 310 is operative. Proposed Limited Underwriting Members would be subject to the same requirements of Rule 309(b) for failure to pay a fee or any other sum due to the Exchange within forty-five days after the same becomes payable, including suspension or denial of access to some or all of the facilities of the Exchange.

<sup>15</sup> The Exchange's Conduct Rules encompass Rules 2010-7470. The Exchange does not propose to apply the following Rules unrelated to underwriting activity to Limited Underwriting Members: Rule 2040 (Payments to Unregistered Persons); Rule 2070 (Transactions Involving Exchange Employees); Rule 2090 (Know Your Customer); Rule 2111 (Suitability); Rule 2150 (Improper Use of Customers' Securities or Funds; Prohibition Against Guarantees and Sharing in Accounts); Rule 2210 (Communications with the Public); Rule 2212 (Use of Investment Companies Rankings in Retail Communications); Rule 2232 (Customer Confirmations); Rule 2262 (Disclosure of Control Relationship with Issuer); Rule 2266 (SIPC

Members and their associated persons which set forth the general standards by which members, member organizations and covered persons<sup>16</sup> must abide. Specifically, Rule 2010 requires members and member organizations to observe high standards of commercial honor and just and equitable principles of trade in the conduct of their business. Similarly, Rule 2020 prohibits members and member organizations from effecting any transaction in, or inducing the purchase or sale of, any security by means of any manipulative, deceptive or other fraudulent device or contrivance. Further, Rule 2050 provides that a member organization or covered person violates the provisions of the Rule if it commits any of the 10 enumerated offenses which include, among other things, making a material misstatement to the Exchange, failing to observe high standards of commercial honor and just and equitable principles of trade, and committing acts detrimental to the interest or welfare of the Exchange.<sup>17</sup> Finally, Rule 6140 prohibits manipulation of NMS

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Information); Rule 2269 (Disclosure of Participation or Interest in Primary or Secondary Distribution); Rule 3130 (Annual Certification of Compliance and Supervisory Processes); Rule 3150 (Holding of Customer Mail); Rule 3170 (Tape Recording of Registered Persons by Certain Firms); Rule 3220 (Influencing or Rewarding Employees of Others); Rule 3230 (Telemarketing); Rule 3240 (Borrowing From or Lending to Customers); Rule 3250 (Designation of Accounts); Rule 3270 (Outside Business Activities of Registered Persons); Rule 3310 (Anti-Money Laundering Compliance Program); Rule 4110 (Capital Compliance); Rule 4120 (Regulatory Notification and Business Curtailment); Rule 4130 (Regulation of Activities of Section 15C Member Organizations Experiencing Financial and/or Operational Difficulties); Rule 4140 (Audit); Rule 4150 (Guarantees by, or Flow Through Benefits for, Member Organizations); Rule 4311 (Carrying Agreements); Rule 4360 (Fidelity Bonds); Rule 4370 (Business Continuity Plans and Emergency Contact Information); Rule 4521 (Notifications, Questionnaires and Reports); Rule 4522 (Periodic Security Counts, Verifications and Comparisons); Rule 4523 (Assignment of Responsibility for General Ledger Accounts and Identification of Suspense Accounts); Rule 4530 (Reporting Requirements); Rule 4560 (Short-Interest Reporting); Rule 5190 (Notification Requirements for Offering Participants); Rule 5210 (Publication of Transactions and Quotations); Rule 5220 (Disruptive Quoting and Trading Activity Prohibited); Rule 5290 (Order Entry and Execution Practices); Rule 5320 (Prohibition Against Trading Ahead of Customer Orders); Rule 6140 (Other Trading Practices); Rule 6800 (Consolidated Audit Trail Compliance Rule); and Rule 6900 (Consolidated Audit Trail – Fee Dispute Resolution).

<sup>16</sup> NYSE Rule 9120(g) defines “covered person” to mean 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.” The term was drafted to appropriately capture all persons subject to the legacy disciplinary rules and preserve the Exchange’s scope of jurisdiction at the time the Rule 8000 and Rule 9000 Series were adopted. See Securities Exchange Act Release No. 68678 (January 16, 2013), 78 FR 5213, 5219 (January 24, 2013) (SR-NYSE-2013-02) (Notice of Filing of Proposed Rule Change Adopting Investigation, Disciplinary, Sanction, and Other Procedural Rules That Are Modeled on the Rules of the Financial Industry Regulatory Authority and To Make Certain Conforming and Technical Changes). Under NYSE Rule 2(a), the term “member” means a natural person associated with a member organization who has been approved by the Exchange and designated by such member organization to effect transactions on the floor of the Exchange or any facility thereof. See *id.*

<sup>17</sup> See Rule 2050 (4), (6) & (7), respectively. Member organizations or covered persons also violate Rule 2050 if they violate any provision of the Securities Exchange Act of 1934 or any rule or regulation thereunder (*id.* at (1)); any of its agreements with the Exchange (*id.* at (2)); any provision of any Rule

securities (a “designated security”) involving wash sales, excessive trading or manipulative operations involving a pool, syndicate or joint account as well as the making or circulation and dissemination of any statement or information concerning a designated security that the member or member organization knows or has reasonable grounds for believing is false or misleading or would improperly influence the market price of such security. The Rule further prohibits the holding of any interest or participation in any joint account for buying or selling a designated security, unless such joint account is promptly reported to the Exchange.

Rule 3110 requires each member organization to establish and maintain a system to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations and with applicable Exchange rules. Rule 3120 requires each member organization to have a system of supervisory control policies and procedures that tests and verifies that member organization’s supervisory procedures are reasonably designed with respect to the activities of the member organization and its associated persons, to achieve compliance with applicable securities laws and regulations, and with applicable Exchange rules. The Exchange believes it is important to apply these provisions on supervision as it would provide the Exchange with authority to assess whether a Limited Underwriting Member has adequate supervisory systems and written supervisory procedures in place.

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adopted by the Exchange’s Board of Directors (*id.* at (3)); effects any transaction in, or induces the purchase or sale of, any security by means of any manipulative, deceptive or other fraudulent device or contrivance (*id.* at (5)); makes any purchases or sales or offers of purchase or sale of securities for the purpose of upsetting the equilibrium of the market or bringing about a condition in which prices will not fairly reflect market values, or assisting in making any such purchases or sales with knowledge of such purpose, or being, with such knowledge, a party to or assisting in carrying out any plan or scheme for the making of such purchases or sales or offers of purchase or sale (*id.* at (8)); makes a misstatement or omission of fact on its application for membership or approval, or on any financial statement, report, or other submission filed with the Exchange (*id.* at (9)); or refuses or fails to comply with a request of the Exchange to submit its books and records (including those books and records with respect to which such member organization or covered person has access and control) to the Exchange, any other self-regulatory organization, any contract market, any registered futures association, or any foreign self-regulatory organization or association with which the Exchange has entered into an agreement or to furnish information to or to appear or testify before the Exchange or such other organization or association, as specified above, or fails to take any of the foregoing actions on the date or within the time period that the Exchange requires (*id.* at (10)).

Rule 3220 prohibits members, member organizations, or persons associated with a member organization from directly or indirectly giving or permitting to be given anything of value, including gratuities, in excess of one hundred dollars per individual per year to any person, principal, proprietor, employee, agent or representative of another person where such payment or gratuity is in relation to the business of the employer of the recipient of the payment or gratuity. Under the rule, a gift of any kind is considered a gratuity. The Exchange believes that applying these provisions against a Limited Underwriting Member would mitigate the risks of bribery and undue influence that the rule was intended to address.

Rule 5190 sets forth notice requirements applicable to all member organizations participating in offerings of securities for purposes of monitoring compliance with the provisions of SEC Regulation M. In addition to the requirements under Rule 5190, member organizations also must comply with all applicable rules governing the withdrawal of quotations in accordance with SEC Regulation M. The Exchange believes that applying Rule 5190 to Limited Underwriting Members would be appropriate given the important role Rule 5190 plays in maintaining the quality of and public confidence in the Exchange's marketplace and the initial public offering ("IPO") process as well as the prevention of fraudulent and manipulative acts and practices.

Rules 8000-8330 and Rules 9000-9870 contain the Exchange's disciplinary rules, which would govern the initiation of disciplinary proceedings against proposed Limited Underwriting Members for violations of the rules set forth in proposed Rule 310(c)(1). The Exchange proposes to specifically exclude Rule 8211 and Rule 9557. Rule 8211 relates to members submission of trade data. Rule 9557 relates to procedures for regulating activities under Rules 4110, which relates to member organizations capital compliance, and Rules 4120 and 4130, which relate to carrying or clearing members. Rule 8211 and Rule 9557 are thus not relevant to underwriting activity.

Proposed Rule 310(c)(1) would provide that these rules would apply to all Limited

Underwriting Members and their associated persons in the same manner that these rules apply to member organizations and persons associated with a member organization. Persons associated with a Limited Underwriting Member would also have the same duties and obligations under these rules as a Limited Underwriting Member under these rules.

Finally, proposed Rule 310(c)(2) would provide that Limited Underwriting Members must at all times be FINRA members in good standing and that associated persons of Limited Underwriting Members must at all times be properly qualified and registered under FINRA rules.

The proposed list of rules applicable to Limited Underwriting Members is not intended to be comprehensive or foreclose the possibility of modifying the list in the future. The Exchange represents that it will consider whether additional existing rules that are not proposed in the limited ruleset for Limited Underwriting Members or new rules are warranted as the Exchange gains more experience in applying the rules proposed.

Like Nasdaq, the Exchange proposes to apply only those rules it deems appropriate to a firm serving as a principal underwriter, including those rules it deems critical to such firms, in an effort to impose minimal burden on Limited Underwriting Members, while still allowing the Exchange to have regulatory authority over such Members.<sup>18</sup> The Exchange acknowledges that there are additional rules that the Exchange does not propose to apply to proposed Limited Underwriting Members. However, since proposed Limited Underwriting Members do not have trading privileges on the Exchange, the Exchange has sought to avoid applying all those Exchange rules applicable to member organizations that primarily relate to trading activity and thus not relevant to the activities of Limited Underwriting Members or are duplicative of FINRA requirements. Specifically, in addition to the excluded rules described above,<sup>19</sup> the Exchange does not propose to apply the following rules to Limited Underwriting Members at this time

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<sup>18</sup> See Release No. 99846, 89 FR at 21631.

<sup>19</sup> See note 15, *supra*.

because they are unrelated to underwriting activity:

- Rules 1P-13P govern trading on the Pillar trading platform, including the listing of exchange traded products. These rules are not relevant to underwriting activity;
- Rules 1-18<sup>20</sup> govern various aspects of Exchange operations that are not relevant to underwriting activity, with the exception of Rule 2B.1, discussed below. The remaining rules are either not applicable to trading on Pillar or concern trading activity (Rules 3, 12, 17 and 18), are definitional jurisdictional rules that do not impose obligations on Limited Underwriting Members (Rules 2, 2A, 5-11), or were rescinded (Rule 15B(T));
- Rules 20-28 are miscellaneous rules that are not relevant to underwriting activity. Specifically, Rule 20 is reserved; Rules 21 and 22 govern Board of Directors disqualification requirements; Rules 23 and 24 concern time zones and trading hours; Rule 25 addresses Exchange liability for legal costs; Rule 26 was rescinded; Rule 27 concerns Exchange regulatory cooperation agreements; and Rule 28 concerns employee fingerprint requirements;
- Rules 35-38 (Access to and Communications with the Floor) govern requirements and limitations for members and member organizations on the Floor, which are not relevant to the activities of Limited Underwriting Members due to their lack of access to trading on the Exchange;
- Rules 45-299C (Dealing and Settlements) relate to trading and settlement issues on the Exchange, which are similarly not relevant to the non-trading activities of Limited Underwriting Members;
- Rules 300-324 (Admission of Members), with the exception of Rule 308 and 309

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There is no Rule 19.

governing acceptability proceedings and collection of and failure to pay Exchange fees discussed above. Proposed Rule 310 would govern Limited Underwriting Members while the other rules governing trading licenses (Rule 300) and qualification and Floor access rules applicable to members and member organizations engaged in trading on the Exchange would be inapplicable to Limited Underwriting Members and generally duplicative of relevant FINRA membership requirements;

- Rules 325-465 (Operation of Member Organizations) govern capital requirements and the operation of a member organization and its offices and employees, including continuing education requirements for registered persons (Rule 345A), that are not relevant to the activities of Limited Underwriting Members and generally duplicative of relevant FINRA membership requirements.<sup>21</sup> Rule 346 governing statutory disqualification and Rule 345.14 regarding payment of fees would apply to Limited Underwriting Members as discussed above;
- Rules 471-474B (Communications with the Public) govern approval and communication of research reports by member organizations. Limited Underwriting Members would be subject to similar rules directly by virtue of their FINRA membership;<sup>22</sup>
- Rules 496-501A govern listing and delisting requirements for listed companies. All of the rules have been removed except Rule 497, which governs additional requirements for listed securities issued by Intercontinental Exchange, Inc., or its affiliates and is not relevant to underwriting activity;

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<sup>21</sup> See e.g., FINRA Rules 1210 (Registration Requirements) and 1240 (Continuing Education). The Exchange has harmonized its continuing education requirements and related registration requirements with FINRA's rules. See Securities Exchange Act Release No. 95061 (June 7, 2022), 87 FR 35806 (June 13, 2022) (SR-NYSE-2022-23).

<sup>22</sup> See e.g., FINRA Rule 2210 (Communications with the Public).

- Rules 600A-639 (Arbitration Rules) relate to disputes, claims or controversies between or among member organizations and/or associated persons. The rules only apply to NYSE arbitration cases pending prior to the effective date of the consolidation of the member firm regulation function of NYSE Regulation, Inc. with the National Association of Securities Dealers, Inc. in 2007, and are thus inapplicable to Limited Underwriting Members;<sup>23</sup>
- Rules 1210-1230 (Registration) govern qualification, registration and continuing education requirements applicable to members or member organizations. These rules are based on and are substantially similar to FINRA Rules 1210-1230, and are thus generally duplicative of relevant FINRA membership requirements;<sup>24</sup> and
- Rules 1400-1401 (Trading of Debt Securities) set forth trading rules for debt securities on the Exchange, which are not relevant to the activities of Limited Underwriting Members.

Proposed Rule 310 would include two supplementary material.

First, Rule 310, Supplementary Material .01 would provide that, consistent with the definition of “member” in the Securities Exchange Act of 1934, a Limited Underwriting Member agrees to be regulated by the Exchange and is subject to the jurisdiction of the Exchange for purposes of interpreting and applying the above rules to Limited Underwriting Members and their associated persons.

Second, proposed Rule 310, Supplementary Material .02 would provide that, for the purposes of this rule, the term “associated person” shall have the same meaning as the terms "person associated with a member" or "associated person of a member" as defined in Article I (rr) of the FINRA ByLaws.

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<sup>23</sup> See Securities Exchange Act Release No. 56208 (August 6, 2007), 72 FR 45077, 45077-78 (August 10, 2007) (SR-NYSE-2007-48).

<sup>24</sup> See Securities Exchange Act Release No. 84336 (October 2, 2018), 83 FR 50727 (October 9, 2018) (SR-NYSE-2018-44).

The Exchange would avoid applying any Exchange rules not specified in proposed Rule 310(c)(1). As previously noted, the Exchange does not propose to apply rules that would apply to member organizations, such as registration, qualification, and continuing education requirements, including requirements for persons engaged in the securities business of a member, that Nasdaq applies to its Limited Underwriting Members and their associated persons. Further, the Exchange does not propose to apply the Rule 6800 Series to Limited Underwriting Members because those govern consolidated audit trail compliance and would not apply to underwriting activity. The Exchange's arbitration rules, which only apply to NYSE arbitration cases pending prior to 2007, would also be inapplicable to Limited Underwriting Members. The additional Exchange rules that Limited Underwriting Members would not be subject to under the proposal primarily relate to trading activity and are, therefore, not relevant to the activities of Limited Underwriting Members due to their lack of access to trade on the Exchange. While there are additional rules that it could propose to apply to Limited Underwriting Members, the Exchange only proposes a limited ruleset intended primarily to provide the Exchange with the authority to require information directly from the Limited Underwriting Members and enhance its tools for oversight with respect to the role the underwriter plays in connection with a company listing on the Exchange. The Exchange does not intend to create comprehensive rules to regulate underwriting activity.

In addition, the Exchange would impose a new requirement in its Listed Company Manual based on Nasdaq Rule 5210(l)(ii) in a new Section 108.00 requiring each Company applying for initial listing in connection with a transaction involving an underwriter to have a principal underwriter that is a member organization as defined in Rule 2 of the rules of the Exchange or a Limited Underwriting Member, as defined in Rule 2(k) of the rules of the Exchange. In proposed Section 108.00(i), the Exchange would also specify that "principal underwriter" shall have the same definition used in Rule 405 promulgated under the Securities

Act of 1933.<sup>25</sup> Proposed Section 108.00(i) would be substantially similar to Nasdaq Rule 5210(l)(i).

The rule would cross reference the definition of “Limited Underwriting Member,” which would be added to Rule 2(k) and would define Limited Underwriting Member to mean a registered broker or dealer that is subject to the jurisdiction of the Exchange solely for purposes of Rule 310 and the rules enumerated in Rule 310(c)(1).

Finally, the Exchange would establish fees for Limited Underwriting Members pursuant to a separate fee filing. The Exchange proposes that the instant filing would become operative 30 days following the effective day of the fee filing. The Exchange will announce the implementation date by Trader Update.

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,<sup>26</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>27</sup> 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 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 by strengthening the Exchange’s ability to oversee and police its marketplace. In addition, the Exchange believes that the proposed rule change is designed to provide a fair procedure for prohibiting or limiting any person with respect to access to services offered by the Exchange or a member thereof consistent with the objectives of Section 6(b)(7).<sup>28</sup>

As discussed above, the proposal would create a new category of market participant for registered broker-dealers with a disciplinary history satisfactory to the Exchange that seek to act

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<sup>25</sup> See note 7, *supra*.

<sup>26</sup> 15 U.S.C. 78f(b).

<sup>27</sup> 15 U.S.C. 78f(b)(5).

<sup>28</sup> 15 U.S.C. 78f(b)(7).

as a principal underwriter of a transaction in connection with which an issuer seeks to be admitted to listing on the Exchange. Firms approved by the Exchange to operate as Limited Underwriting Members on the Exchange would not have rights to transact on the Exchange. Rather, such firms would submit to limited Exchange jurisdiction for the purpose of acting as an underwriter on the Exchange. The Exchange believes that this is reasonable because proposed Limited Underwriting Members would not be admitted to the Exchange for trading or any other purpose than acting as an Initial Listing Principal Underwriter.

As proposed, the Exchange would apply only those rules specified in proposed Rule 310(c)(1) to Limited Underwriting FINRA Members, which would include fees, business conduct standards, supervision, notification requirements for offering participants as well disciplinary rules. The Exchange believes that subjecting the proposed new category of principal underwriters to Exchange jurisdiction for such specified rules supports fair and orderly markets, which protects investors and the public interest, consistent with Section 6(b)(5) of the Act.<sup>29</sup> In this regard, the proposal would subject Limited Underwriting Members to the Exchange's disciplinary rules, which would provide the Exchange with the authority to require documents and information from such underwriters. In addition, these underwriters would be subject to various conduct rules governing their activities on the Exchange, including the requirements to observe just and equitable principles of trade, establish and maintain a system to supervise the activities of associated persons, and to test and verify that the system is reasonably designed. The Exchange believes that imposing these rules, as well as the other rules included in proposed Rule 310, on principal underwriters will strengthen the Exchange's ability to carry out its oversight responsibilities and deter potential violative conduct, such as fraud or manipulation, thereby protecting investors and the public interest. Further, the Exchange believes that it is appropriate and consistent with the protection of investors and the public interest that the rules

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<sup>29</sup> 15 U.S.C. 78f(b)(5).

specifically excluded from proposed Rule 310 not be imposed on proposed Limited Underwriting Members because those rules are, as discussed above, either inapplicable to the activities a principal underwriter would be permitted to conduct on the Exchange and/or proposed Limited Underwriting Members would be subject to similar rules by virtue of their FINRA membership. As noted above, proposed Limited Underwriting Members must at all times be FINRA members in good standing, and their associated persons must at all times properly qualified and registered under FINRA rules, rendering them at all times subject to FINRA rules, all applicable rules of the Commission and the rules of any other self-regulatory organization of which it is a member.

Finally, the Exchange believes that the proposed rule change is not designed to permit unfair discrimination between customers, issuers, brokers and dealers, consistent with Section 6(b)(5)<sup>30</sup> of the Act. The Exchange's proposal to subject Limited Underwriting Members to a limited set of rules and exclude certain rules applicable to member organizations is not designed to permit unfair discrimination between brokers and dealers because being permitted to act as an underwriter on the Exchange under the proposed arrangement does not confer the same benefits as a traditional Exchange membership under Rule 2(b)(i), and, therefore, does not warrant application of the same ruleset. Moreover, all Limited Underwriting Members would be subject to the same specified rules set forth in proposed Rule 310(c)(1). In addition, the proposed changes will apply equally to all similarly situated Limited Underwriting Members, and therefore are not designed to permit unfair discrimination. Similarly, the proposed changes to the Listed Company Manual will apply equally to all similarly situated companies applying for initial listing in connection with a transaction involving an underwriter on the Exchange and therefore, are thus not designed to permit unfair discrimination.

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

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<sup>30</sup> 15 U.S.C. 78f(b)(5).

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 to apply standards and qualifications to permit certain principal underwriters to access to the Exchange for the sole purpose of acting as a principal underwriter of an underwritten public offering in connection with which a company seeks to list on the Exchange and to apply a limited ruleset consistent with the purpose of a limited underwriting membership that does not confer any access to trading on the Exchange and only permits such member to act as a principal underwriter for a company applying to initially list on the Exchange. As noted above, although the Exchange proposes to subject Limited Underwriting Members to a limited set of rules, being permitted to act as an underwriter on the Exchange under the proposed arrangement and for no other purpose does not confer the same benefits as a standard Exchange membership and does not warrant application of the same ruleset. Applying a limited ruleset to proposed Limited Underwriting Members is therefore justified. All Limited Underwriting Members would be subject to the same specified rules. Likewise, the proposed changes to the Listed Company Manual will apply equally to all similarly situated companies applying for initial listing in connection with a transaction involving an underwriter on the Exchange. Moreover, the Exchange does not expect that its proposal will have an adverse impact on competition among exchanges for members. The Exchange believes the proposed rule changes, taken together, will strengthen the Exchange's ability to carry out its role and responsibilities as a self-regulatory organization and deter potential violative conduct. As such, the Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

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 Act<sup>31</sup> and Rule 19b-4(f)(6) thereunder.<sup>32</sup>

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 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](mailto:rule-comments@sec.gov). Please include file number SR-NYSE-2025-14 on the subject line.

##### Paper Comments:

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<sup>31</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>32</sup> 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 satisfied this requirement.

- 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-2025-14. 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-2025-14 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.<sup>33</sup>

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<sup>33</sup> 17 CFR 200.30-3(a)(12).

**Sherry R. Haywood,**

*Assistant Secretary.*

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