



## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104897; File No. SR-NYSE-2026-12]

### **Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Commentary .03 to Rule 7.19**

February 26, 2026.

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 February 19, 2026, New York Stock Exchange LLC (“NYSE” or the “Exchange”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

#### **I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change**

The Exchange proposes to amend Commentary .03 to Rule 7.19 regarding the availability of pre-trade risk controls to Floor brokers. The proposed rule change is available on the Exchange’s website at [www.nyse.com](http://www.nyse.com) and at the principal office of the Exchange.

#### **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.

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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.

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 Commentary .03 to Rule 7.19 regarding the availability of pre-trade risk controls to Floor brokers.

Prior to 2025, paragraph (a) of Commentary .03 to Rule 7.19 provided<sup>4</sup> that with respect to a Floor broker’s trading activity on the Exchange on behalf of a customer, a Floor broker could set the full suite of Pre-Trade Risk Controls and Kill Switch Actions described in Rule 7.19 when the Floor broker used its own MPID, but could only set a small subset of such risk controls<sup>5</sup> if the Floor broker used a member organization’s MPID for such trading.

In 2025, in an attempt to streamline the rule, the Exchange removed the ability of a Floor broker to set any risk controls for its trading activity on the Exchange on behalf of a member organization when using the member organization’s MPID.<sup>6</sup> In filing for this change, the Exchange stated its belief that the change would result in a more streamlined approach whereby the member organization would be the sole entity with the ability to set Entering Firm risk controls with respect to trading activity on the Exchange when the member organization’s MPID is being used.

Since implementing that change, the Exchange has received feedback from market participants requesting that the Exchange restore, and indeed expand, the ability of a Floor broker to set pre-trade risk controls with respect to its trading activity on the Exchange on behalf of a member organization when using the member organization’s MPID. Both Floor brokers and member organizations have expressed their preference for restoring Floor brokers’ access to such

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<sup>4</sup> See Securities Exchange Act Release No. 99677 (March 5, 2024), 89 FR 17530 (March 11, 2024) (SR-NYSE-2024-10).

<sup>5</sup> Specifically, only the Pre-Trade Risk Controls in paragraphs (b)(1)(A) and (b)(2)(A) or Kill Switch Actions in paragraph (h).

<sup>6</sup> See Securities Exchange Act Release No. 102753 (April 1, 2025), 90 FR 15017 (April 7, 2025) (SR-NYSE-2025-07).

controls, arguing that because Floor brokers are at the point of sale, they have exposure to market changes in real time and are well-positioned to promptly make adjustments to risk thresholds to better protect member organizations.

As a result of such feedback, the Exchange has undertaken technological changes to support the restoration and expansion of Floor broker access to Entering Firm risk controls when trading on behalf of a member organization using the member organization's MPID. The Exchange proposes to amend its rules to permit a Floor broker to set the full suite (except for three limited exceptions) of Pre-Trade Risk Controls and Kill Switch Actions in Rule 7.19 with respect to its trading activity on the Exchange on behalf of a member organization when using the member organization's MPID. Accordingly, the Exchange proposes to delete the current text in paragraph (a) of Commentary .03, and to amend paragraph (a) to provide:

Regarding a Floor broker's trading activity on the Exchange on behalf of a firm that is not a member organization, the Floor broker will use its own MPID and may act as an "Entering Firm" to set any of the Pre-Trade Risk Controls and Kill Switch Actions identified in this rule with respect to such trading activity. Regarding a Floor broker's trading activity on the Exchange on behalf of a firm that is a member organization, the member organization may designate the Floor broker to use the member organization's MPID and to act as an "Entering Firm" to set the Pre-Trade Risk Controls and Kill Switch Actions identified in this rule with respect to such trading activity, except for a subset of risk controls available pursuant to paragraph (b)(2)(D).<sup>7</sup>

The limited exception relates to three of the Exchange's single-order risk controls that "restrict the types of securities transacted (including but not limited to restricted securities)"

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<sup>7</sup> As is currently the case, a member organization would retain the ability to set Pre-Trade Risk Controls and Kill Switch Actions on its own behalf as an "Entering Firm."

pursuant to paragraph (b)(2)(D) of Rule 7.19. Specifically, due to current technological configurations, Floor brokers using a member organization's MPID will not have access to symbol-level risk controls, such as those pertaining to sell-short controls for individual symbols and limitations on restricted symbols. If the Exchange eventually opts to make such risk controls available to Floor brokers, the Exchange will file a proposed rule change.

The Exchange proposes no other changes to Rule 7.19 or its Commentary.

#### *Continuing Obligations of Member Organizations Under Rule 15c3-5*

The proposed Pre-Trade Risk Controls described here are meant to supplement, and not replace, the member organizations' own internal systems, monitoring, and procedures related to risk management. The Exchange does not guarantee that these controls will be sufficiently comprehensive to meet all of a member organization's needs, the controls are not designed to be the sole means of risk management, and using these controls will not necessarily meet a member organization's obligations required by Exchange or federal rules (including, without limitation, the Rule 15c3-5 under the Act<sup>8</sup> ("Rule 15c3-5")). Use of the Exchange's Pre-Trade Risk Controls will not automatically constitute compliance with Exchange or federal rules and responsibility for compliance with all Exchange and SEC rules remains with the member organization.<sup>9</sup>

#### *Timing and Implementation*

The Exchange anticipates implementing the proposed change in the first quarter of 2026 and, in any event, will implement the proposed rule change no later than the end of second quarter of 2026. The Exchange will announce the timing of such changes by Trader Update.

## 2. Statutory Basis

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<sup>8</sup> See 17 CFR 240.15c3-5.

<sup>9</sup> See also Commentary .01 to Rule 7.19, which provides that "[t]he pre-trade risk controls described in this Rule are meant to supplement, and not replace, the member organization's own internal systems, monitoring and procedures related to risk management and are not designed for compliance with Rule 15c3-5 under the Exchange Act. Responsibility for compliance with all Exchange and SEC rules remains with the member organization."

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,<sup>10</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>11</sup> 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 regulating, clearing, settling, processing information with respect to, and 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 because it is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that the proposed revision of paragraph (a) of Commentary .03 will remove impediments to and perfect the mechanism of a free and open market and a national market system and would protect investors and the public interest by restoring the ability of Floor brokers to access all but a few of the Exchange's Pre-Trade Risk Controls and Kill Switch Actions when using a member organization's MPID. The Exchange believes that restoring and expanding Floor brokers' access to such controls would enhance the protection of investors and the public interest because Floor brokers are at the point of sale, such that they have exposure to market changes in real time and are well-positioned to promptly make adjustments to risk thresholds to better protect member organizations.

The Exchange believes that the proposed rule change does not unfairly discriminate among market participants. Commentary .03 applies only to the ability of a Floor broker to set Pre-Trade Risk Controls and Kill Switch Actions for its trading activity on the Exchange, and the proposed change would apply equally to all Floor brokers. Further, use of the Pre-Trade Risk Controls and Kill Switch Actions described in the rule is optional and is not a prerequisite for participation on the Exchange.

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<sup>10</sup> 15 U.S.C. 78f(b).

<sup>11</sup> 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 does not address competition, but rather restores the ability of Floor brokers to access the Exchange's Pre-Trade Risk Controls and Kill Switch Actions when using a member organization's MPID. The proposed rule change would apply equally to all Floor brokers.

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

No written comments were solicited or received with respect to the proposed rule change.

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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act<sup>12</sup> and Rule 19b-4(f)(6) thereunder.<sup>13</sup> Because the proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>14</sup> and Rule 19b-4(f)(6)<sup>15</sup> thereunder.

At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the

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<sup>12</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>13</sup> 17 CFR 240.19b-4(f)(6).

<sup>14</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>15</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires the Exchange 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.

Commission shall institute proceedings under Section 19(b)(2)(B)<sup>16</sup> of the Act 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-2026-12 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-2026-12. 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 filing 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.

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<sup>16</sup> 15 U.S.C. 78s(b)(2)(B).

All submissions should refer to file number SR-NYSE-2026-12 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>17</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

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