



## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-105136]

### Order Granting Limited Exemptions Pursuant to Rule 605(b) of Regulation NMS Under the Securities Exchange Act of 1934 from Rule 605 and Modifying and Rescinding Certain Exemptions Granted Pursuant to Rule 605 of Regulation NMS

April 1, 2026.

#### I. Introduction

Rule 605 of Regulation NMS<sup>1</sup> under the Securities Exchange Act of 1934 (“Exchange Act”)<sup>2</sup> requires certain market participants to make available to the public monthly electronic reports on order executions in national market system stocks (“NMS stocks”)<sup>3</sup> that include uniform statistical measures of execution quality.<sup>4</sup> In 2024, the Commission adopted amendments that updated the disclosures required under Rule 605.<sup>5</sup> The amendments expanded the scope of entities subject to Rule 605 (including larger broker-dealers, in addition to market centers),<sup>6</sup> modified the categorization and content of order information required to be disclosed in the detailed execution quality reports published under Rule 605 (including by modifying the scope of covered orders subject to disclosures), and required reporting entities to produce a

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<sup>1</sup> 17 CFR 242.605 (formerly known as Rule 11Ac1-5).

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

<sup>3</sup> See 17 CFR 242.600(b)(65) (defining “NMS stock”).

<sup>4</sup> See Securities Exchange Act Release No. 43590 (Nov. 17, 2000), 65 FR 75414 (Dec. 1, 2000) (Disclosure of Order Execution and Routing Practices).

<sup>5</sup> See Securities Exchange Act Release No. 99679 (Mar. 6, 2024), 89 FR 26428 (Apr. 15, 2024) (Disclosure of Order Execution Information) (“Rule 605 Amendments Release”). In the Rule 605 Amendments Release, the Commission stated that the compliance date for the Rule 605 amendments would be 18 months after the effective date. Thus the compliance date was initially set as December 14, 2025. On September 30, 2025, the Commission extended the compliance date to August 1, 2026. See Securities Exchange Act Release No. 104147, 90 FR 47552 (Oct. 2, 2025).

<sup>6</sup> The amendments to Rule 605 expanded the scope of entities that must produce monthly execution quality reports to include broker-dealers with a larger number of customer accounts and single dealer platforms. See 17 CFR 242.605(a)(1).

summary report of execution quality in addition to the existing detailed disclosures regarding execution quality for covered orders in NMS stocks.<sup>7</sup>

The Commission, by the Division of Trading and Markets pursuant to delegated authority, previously granted several exemptive requests from Rule 605 to market participants.<sup>8</sup> By letter dated June 24, 2024,<sup>9</sup> the Financial Information Forum (“FIF”), among other things, requests that the Commission provide an exception from Rule 605’s reporting requirement for broker-dealers that execute fractional share orders in certain limited circumstances and raises interpretive issues that will require modification to exemptive relief from Rule 605 that the Commission granted previously.<sup>10</sup> As discussed below, the Commission is granting an exemption to broker-dealers subject to Rule 605 from compliance with Rule 605 for certain OTC market making activities, rescinding and replacing an exemption previously granted relating to certain orders received during a trading halt, modifying an exemption previously granted relating to inactively traded securities, rescinding and replacing an exemption previously granted relating to certain orders received during crossed markets, and rescinding an exemption previously

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<sup>7</sup> 17 CFR 242.605(a)(2).

<sup>8</sup> See, e.g., letters from Annette L. Nazareth, Director, Division of Market Regulation, Commission, to Stuart J. Kaswell, Senior Vice President and General Counsel, Securities Industry Association (“SIA”), dated March 12, 2001, available at <https://www.sec.gov/divisions/marketreg/mr-noaction/siaexemp.htm> (“SIA Exemptive Letter”) and Richard Romano, Chair, Carl P. Sherr, Co-Chair, NASD Small Firms Advisory Board, dated June 22, 2001, available at <https://www.sec.gov/divisions/marketreg/mr-noaction/smfirm062201.htm> (“Inactively Traded Securities Exemptive Letter”). The SIA Exemptive Letter and the Inactively Traded Securities Exemptive Letter granted exemptions from Rule 11Ac1-5. As part of the adoption of Regulation NMS in 2005, Rule 11Ac1-5 was redesignated as Rule 605. See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496 (June 29, 2005) (Regulation NMS) (“Regulation NMS Adopting Release”).

<sup>9</sup> See letter from Howard Meyerson, Managing Director, Financial Information Forum, dated June 24, 2024, to Kathleen Gross, Senior Special Counsel, and Lauren Yates, Senior Special Counsel, Division of Trading and Markets, Commission (“FIF Letter”). The Commission’s Division of Trading and Markets previously published Staff Legal Bulletin No. 12R and Responses to Frequently Asked Questions Concerning Rule 605 of Regulation NMS (together, “Rule 605 FAQs”) to address frequently asked questions about then Rule 11Ac1-5 and Rule 605. See Division of Market Regulation: Staff Legal Bulletin No. 12R (Revised), Frequently Asked Questions About Rule 11Ac1-5 (revised) (June 22, 2001) (“SLB No. 12R”), available at <https://www.sec.gov/interps/legal/slbim12a.htm>; Responses to Frequently Asked Questions Concerning Rule 605 of Regulation NMS (Feb. 22, 2013), available at <https://www.sec.gov/divisions/marketreg/nmsfaq605.htm>. In the FIF Letter, FIF requested that staff of the Division of Trading and Markets update certain of the Rule 605 FAQs and posed additional questions regarding the application of Rule 605, as amended. See generally FIF Letter.

<sup>10</sup> See FIF Letter, *supra* note 9, at 4.

granted relating to the exclusion of manually-received orders from reporting pursuant to Rule 605(a)(1).

## II. Discussion and Exemptions from Rule 605, as Amended

Rule 605(b) provides that the Commission may, by order upon application, conditionally or unconditionally exempt any person, security, or transaction, or any class or classes of persons, securities, or transactions, from any provision or provisions of this section, if the Commission determines that such exemption is necessary or appropriate in the public interest, and is consistent with the protection of investors.<sup>11</sup>

### A. Limited Exemption from Rule 605

As amended, Rule 605 provides that market centers, brokers, and dealers must make publicly available detailed and summary execution quality reports pertaining to covered orders in NMS stocks that they receive for execution on a monthly basis.<sup>12</sup> The requirement that brokers or dealers prepare Rule 605 reports is limited to larger brokers or dealers that meet or exceed a specified customer account threshold,<sup>13</sup> but brokers and dealers may also be subject to Rule 605 reporting requirements if they meet the definition of a market center.<sup>14</sup> To the extent that any broker or dealer meets or exceeds the customer account threshold and is also a market center, that broker or dealer must produce separate Rule 605 reports pertaining to each function.<sup>15</sup> In response to a request for clarification, in the Rule 605 Amendments Release, the Commission

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<sup>11</sup> 17 CFR 242.605(b).

<sup>12</sup> See 17 CFR 242.605(a). See also 17 CFR 242.600(b)(27) (defining “covered order”).

<sup>13</sup> 17 CFR 242.605(a)(7). A broker or dealer meets the “customer account threshold” if it introduces or carries 100,000 or more customer accounts through which transactions are effected for the purchase or sale of NMS stocks. See id.

<sup>14</sup> Under Regulation NMS, “market center” means any exchange market maker, OTC market maker, alternative trading system, national securities exchange, or national securities association. See 17 CFR 242.600(b)(55). “OTC market maker” means any dealer that holds itself out as being willing to buy from and sell to its customers, or others, in the United States, an NMS stock for its own account on a regular or continuous basis otherwise than on a national securities exchange in amounts of less than block size. See 17 CFR 242.600(b)(75). See also 17 CFR 242.600(b)(4), (37), (62), and (63) (defining “alternative trading system,” “exchange market maker,” “national securities association,” and “national securities exchange,” respectively).

<sup>15</sup> 17 CFR 242.605(a)(7).

stated that a broker-dealer that meets the customer account threshold for larger broker-dealers and is an OTC market maker generally should include in its Rule 605 reporting pertaining to its market center function all covered orders in NMS stock that the firm received for execution that are the type of order for which the firm serves as an OTC market maker.<sup>16</sup>

In addition, in the Rule 605 Amendment Release, in response to a commenter's request for clarification about whether a broker-dealer that principally facilitates the trading of fractional shares must publish a separate Rule 605 report as a market center,<sup>17</sup> the Commission stated that "a reporting entity must produce a separate Rule 605 report as a market center if it meets the definition of an 'OTC market maker' and receives 'covered orders' for execution in such capacity."<sup>18</sup> The Commission recognized that "a firm may act as an OTC market maker for certain types of orders only" and that, as an example, a firm may act as an OTC market maker for fractional shares only.<sup>19</sup>

In the FIF Letter, FIF requests that the Commission provide an exception from Rule 605's reporting requirement for broker-dealers that execute fractional share orders only in certain circumstances.<sup>20</sup> Specifically, FIF states that the Commission should provide "an exception [from Rule 605 reporting requirements] if the customer-facing broker-dealer only executes fractional share orders in the following limited circumstances: [(1)] A customer has a fractional share position resulting from the customer's participation in a dividend reinvestment program[; or (2)] A customer has a fractional share position resulting from a stock dividend with a fractional component received after the customer has sold the position or transferred its account

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<sup>16</sup> Rule 605 Amendments Release, supra note 5, at 26441.

<sup>17</sup> Rule 605 Amendments Release, supra note 5, at 26442.

<sup>18</sup> Rule 605 Amendments Release, supra note 5, at 26442.

<sup>19</sup> See Rule 605 Amendments Release, supra note 5, at 26442, n.170.

<sup>20</sup> See FIF Letter, supra note 9, at 4.

to another broker-dealer.”<sup>21</sup> FIF also asked for clarification regarding broker-dealer reporting of fractional share positions in a separate market center report.<sup>22</sup>

Pursuant to its authority under Rule 605(b) of Regulation NMS,<sup>23</sup> for the reasons discussed below, the Commission has determined to exempt from the requirement to produce separate Rule 605 reports pertaining to its market center function<sup>24</sup> any customer-facing broker-dealer that executes customers’ fractional share orders only in circumstances in which the customer has a fractional share position resulting from (1) the customer’s participation in a dividend reinvestment program; or (2) a stock dividend with a fractional component. In such circumstances, a customer-facing broker-dealer may facilitate its customer’s ability to exit out of such fractional share positions by executing an order to sell the customer’s fractional shares. The customer-facing broker-dealer would not be required to produce Rule 605 reports as a market center on the basis of this activity.

The Commission has determined that such exemption is necessary or appropriate in the public interest, and is consistent with the protection of investors. In general, a broker-dealer that facilitates the trading of fractional share orders by executing those orders as principal would be acting as an OTC market maker with respect to fractional share orders and be required to prepare Rule 605 reports as a market center. This OTC market making activity in the context of a customer seeking to exit fractional share positions that the customer obtained due to the customer’s participation in a dividend reinvestment program or a stock dividend with a fractional component occurs infrequently. Thus, the execution quality statistics prepared by the broker-dealer would provide a smaller amount of benefits relative to broker-dealers that execute fractional share orders as principal in a wider range of circumstances.

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<sup>21</sup> See FIF Letter, *supra* note 9, at 4.

<sup>22</sup> See FIF Letter, *supra* note 9, at 3-4.

<sup>23</sup> 17 CFR 242.605(b).

<sup>24</sup> A customer-facing broker-dealer that meets the customer account threshold would need to produce Rule 605 reports pertaining to its broker-dealer function.

Given this smaller amount of benefits, the cost of compliance for these broker-dealers to produce Rule 605 reports as a market center, as well as the potential costs if these broker-dealers were not willing to help their customers exit fractional share positions acquired under these limited circumstances, are not sufficient to justify the benefits of their monthly Rule 605 reports. The Commission has therefore determined to grant an exemption from the requirement to produce separate Rule 605 reports pertaining to its market center function for any customer-facing broker-dealer that executes customers' fractional share orders only in circumstances in which the customer has a fractional share position resulting from the limited circumstances discussed above. However, to the extent that a broker-dealer that helps its customers exit fractional share positions acquired as a result of their participation in a dividend reinvestment program or their receipt of a stock dividend also engages in additional OTC market making activity, the broker-dealer would not be able to rely on the exemption described herein and would still be subject to Rule 605 reporting requirements as a market center with respect to the orders related to helping its customers exit fractional share positions acquired through a dividend reinvestment program or receipt of a stock dividend with a fractional component, along with the other order types for which it acts as an OTC market maker.

This exemption is consistent with the Commission's determination to adopt a customer account threshold for broker-dealers' Rule 605 reporting requirements. In the Rule 605 Amendments Release, the Commission stated that "by limiting Rule 605 reporting requirements to larger-broker-dealers that meet the customer account threshold only, Rule 605 will balance the benefits of broker-dealer reporting with the costs."<sup>25</sup> Specifically, the Commission determined not to subject all broker-dealers to Rule 605 reporting requirements because of the lower benefits relative to costs for broker-dealers with a smaller number of customer accounts.

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<sup>25</sup> See Rule 605 Amendments Release, *supra* note 5, at 26438.

B. Modifications to Existing Exemptions

1. Orders Received During a Trading Halt

In the SIA Exemptive Letter, the Commission exempted from the definition of “covered order” (now found in Rule 600(b)): (1) all orders that are received during the period of an “announced” trading halt, as described below; and (2) all orders that are received less than five minutes prior to an announced trading halt and that remain outstanding (in whole or in part) at the time of the trading halt.<sup>26</sup> In the SIA Exemptive Letter, SIA requested an exemption from the definition of covered order under the rule “for orders whose executions are significantly affected by trading that is halted during regular trading hours, either because they were received during the trading halt itself or had not been executed at the time of the trading halt.”<sup>27</sup> SIA “state[d] that including these types of orders in monthly reports could result in statistics that are skewed and unrepresentative of a market center’s normal trading.”<sup>28</sup>

The FIF Letter requests that the Commission provide additional clarity related to trading halts for “orders that are not executable at the time of order receipt but subsequently become executable.”<sup>29</sup> FIF requests that “the determinations [of whether to exclude a non-marketable order due to a trading halt] should be made as of the time that the order becomes executable.”<sup>30</sup> FIF provides the following example: “an order is received and is not executable at the time of order receipt; a trading halt occurs one minute after receipt of the order; the trading halt ends; the order subsequently becomes executable. In this scenario, the trading halt should not impact whether the order is reportable.”<sup>31</sup>

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<sup>26</sup> See SIA Exemptive Letter, supra note 8, at 4.

<sup>27</sup> SIA Exemptive Letter, supra note 8, at 4.

<sup>28</sup> SIA Exemptive Letter, supra note 8 at 4.

<sup>29</sup> FIF Letter, supra note 9, at 6.

<sup>30</sup> FIF Letter, supra note 9, at 6.

<sup>31</sup> FIF Letter, supra note 9, at 6.

The Commission is rescinding the exemption from the definition of “covered order” for all orders that are received during the period of an “announced” trading halt and all orders that are received less than five minutes prior to an announced trading halt and that remain outstanding at the time of the trading halt, as set forth in SIA Exemptive Letter, and is replacing this exemption with the exemption described herein. The replacement exemption accounts for non-marketable order types (defined below), which may be received when a national best bid or offer (“NBBO”) is not being disseminated, and do not fall within the scope of the rule unless they become executable. The Commission replacement exemption does not change the scope of the prior exemption with respect to marketable order types (defined below). In general, where Rule 605 requires calculation of execution quality statistics for marketable order types based on the time of order receipt, Rule 605 requires calculation of these statistics for non-marketable order types based on the time that the order becomes executable.<sup>32</sup> Consistent with this approach, the replacement exemption will treat non-marketable order types based on the time of executability in a manner similar to the treatment of marketable order types based on the time of order receipt. The replacement exemption will continue to exclude orders whose inclusion in monthly reports could result in statistics that may be skewed and unrepresentative of a reporting entity’s normal trading, while helping to ensure that the group of excluded orders is not overly broad. As FIF states, for non-marketable order types that have not yet become executable at the time of the trading halt, a trading halt should not impact the treatment of the order.<sup>33</sup>

Therefore, for the reasons discussed above, the Commission has determined that it is necessary or appropriate in the public interest, and is consistent with the protection of investors to exempt from Rule 605:

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<sup>32</sup> See, e.g., Rule 605(a)(1)(i)(G)-(N) (requiring time-to-execution statistics as measured from time of order receipt or, for non-marketable limit orders or orders submitted with stop prices, from the time the order becomes executable).

<sup>33</sup> FIF Letter, supra note 9, at 6.

(1) all market orders, marketable limit orders (excluding immediate-or-cancel orders), and marketable immediate-or-cancel orders (collectively, “marketable order types”) received during the period of an “announced” trading halt, as described below; and

(2) (a) all marketable order types that are received less than five minutes prior to an announced trading halt and that remain outstanding (in whole or in part) at the time of the trading halt; and (b) all midpoint-or-better limit orders (excluding immediate-or-cancel orders), midpoint-or-better limit orders that are immediate-or-cancel, non-marketable limit orders (excluding orders submitted with stop prices, midpoint-or-better limit orders, and immediate-or-cancel orders), non-marketable orders that are immediate-or-cancel, market orders submitted with stop prices, stop marketable limit orders, and stop non-marketable limit orders (collectively, “non-marketable order types”) that are become executable less than five minutes prior to an announced trading halt and that remain outstanding (in whole or in part) at the time of the trading halt.

Consistent with the SIA Exemptive Letter, under the exemption provided herein, to qualify as an “announced” trading halt, the halt must be either a general regulatory halt or a trading halt that is announced by a market center in accordance with all applicable regulatory rules. Under the exemption provided herein, orders that are received prior to and during the time of an announced trading halt would be handled as follows:

First, all marketable order types received during the period that trading is halted must be entirely excluded from the Rule 605 monthly report.

Second, all non-marketable order types received during the period that trading is halted may be included in the Rule 605 report if they become executable after trading resumes. In addition, regardless of when a non-marketable order type is received, a non-marketable order type should not be considered to have first become executable while trading is halted.

Third, if an order that is a non-marketable order type becomes executable less than five minutes prior to the announced trading halt and remains outstanding (in whole or in part) at the

time of the trading halt, the entire order is exempted from Rule 605 and must be excluded from the reporting entity's monthly report. If an order is a marketable order type, and is received less than five minutes prior to the announced trading halt and remains outstanding (in whole or in part) at the time of the trading halt, the entire order is exempted from Rule 605 and must be excluded from the reporting entity's monthly report.

Fourth, for orders that are executed less than five minutes prior to the announced trading halt, the calculation of average realized spread should use the last NBBO disseminated prior to the time of the trading halt (analogous to the treatment of orders executed less than five minutes prior to the close of regular trading hours that is set forth in the definition of "average realized spread" in Rule 600(b) of Regulation NMS), to the extent that the realized spread time horizon specified in Rule 605(a)(1)(i) would otherwise fall within the time period during which trading was halted.

Fifth, if a marketable order type was received or a non-marketable order type became executable five minutes or more prior to the announced trading halt and remains outstanding (in whole or in part) the order continues to be covered by Rule 605; provided, however, that for executions that occur after the end of the trading halt, a reporting entity may deduct the time period during which trading was halted from the calculations using the time of execution of the order.

## 2. Inactively Traded Securities

In the Inactively Traded Securities Exemptive Letter, the Commission granted an exemption from Rule 605 for very inactively traded securities.<sup>34</sup> The Commission is supplementing this existing exemption solely to explicitly cover broker-dealers in addition to market centers. The exemption, as supplemented, covers any NMS stock that did not average more than five reported transactions per trading day, as disseminated pursuant to an effective

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<sup>34</sup> See Inactively Traded Securities Exemptive Letter, supra note 8, at 2.

transaction reporting plan, for each of the preceding six months (or such shorter time that the security has been designated a NMS stock).<sup>35</sup> An inactive security will lose its exemption only after its average daily reported transactions have exceeded five for each of the preceding six months. Orders in exempted securities need not be included in the reporting entity's monthly Rule 605 report, but a market center, broker, or dealer is free to include them if it chooses to do so.

The Commission has determined that such action is necessary or appropriate in the public interest, and is consistent with the protection of investors, because it will supplement the exemption to include all reporting entities subject to Rule 605, as amended by the Rule 605 Amendments Release, within its scope. Broker-dealers were not covered within the exemption when it was originally issued in 2001, because Rule 605 at that time only applied to market centers.<sup>36</sup>

### 3. Orders Affected by Crossed Markets

In the SIA Exemptive Letter, the Commission exempted from the definition of "covered order" (now found in Rule 600(b)) all orders that would require reference to a consolidated best bid and offer ("Consolidated BBO") disseminated by an effective national market system plan that has been crossed for 30 seconds or more.<sup>37</sup> SIA stated "that when [the best bid and offer] have been crossed for a significant period of time, it raises a serious concern that the quotes may not represent a fair and reliable benchmark for a market center's statistics."<sup>38</sup>

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<sup>35</sup> While the Inactively Traded Securities Exemptive Letter refers to a "national market system security," when Regulation NMS was adopted, the references to "national market system security" in Rule 605 were replaced with "NMS stock" to indicate that Rule 605 would continue to be inapplicable to listed options. See Regulation NMS Adopting Release, supra note 8, at 37571.

<sup>36</sup> The supplemented exemption for inactively traded securities supersedes a staff FAQ. See Rule 605 FAQs, supra note 8, Question 25.

<sup>37</sup> See SIA Exemptive Letter, supra note 8, at 2. With the adoption of Regulation NMS, the Commission replaced the term "consolidated best bid or offer" in Rule 11Ac1-5 with the term "national best bid and national best offer." See Regulation NMS Adopting Release, supra note 8, at 37574.

<sup>38</sup> SIA Exemptive Letter, supra note 8, at 2.

The FIF Letter requests that the Commission provide additional clarity regarding how market centers, brokers, and dealers should report on orders whose Rule 605 statistics would be affected by an NBBO that is locked or crossed. In particular, FIF requests clarity regarding reliance by reporting entities on locked and crossed quotes as applied to “new order types and the new concept of ‘executability’ introduced in the amended Rule 605.”<sup>39</sup>

When the NBBO is crossed for a significant period of time, it raises serious questions regarding whether the quotes continue to provide a reliable benchmark for the statistical measures included in Rule 605. However, the current exemption for certain orders affected by crossed markets does not clearly account for the new order types in Rule 605, as amended by the Rule 605 Amendments Release. In order to provide additional clarity, the Commission is rescinding the exemption from the definition of “covered order” for all orders that would require reference to a Consolidated BBO disseminated by an effective national market system plan that has been crossed for 30 seconds or more, as set forth in the SIA Exemptive Letter, and is replacing this exemption with the exemption described herein. For non-marketable limit orders, the determination of whether the order has become “executable” (as defined in Rule 600(b)) requires reference to the NBBO and many of the Rule 605 statistics pertaining to non-marketable limit orders are based on the NBBO at the time that the order becomes executable. Under the replacement exemption, in the context of non-marketable limit orders, the determination of whether the order has become executable should not occur when the NBBO is crossed because the NBBO may not represent a fair and reliable benchmark at such time. The replacement exemption also applies to broker-dealers, consistent with the scope of Rule 605, as amended by the Rule 605 Amendments Release.

Therefore, for the reasons discussed above, the Commission has determined that it is necessary or appropriate in the public interest, and is consistent with the protection of investors

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<sup>39</sup> FIF Letter, supra note 9, at 5.

to exempt from Rule 605 all orders that would require reference to an NBBO that has been crossed for 30 seconds or more.

In light of this exemption, market centers, brokers, or dealers should follow the following procedure whenever a reference to the NBBO is necessary in connection with market or marketable limit orders, whether at the time of order receipt or the time of order execution:

First, use the NBBO if the quotes are not crossed, or are locked.

Second, if the NBBO is crossed, reject the crossed quotes and use the next-in-time uncrossed NBBO if there has been less than 30 seconds between the last-in-time uncrossed NBBO and the next-in-time uncrossed NBBO.

Third, if there has been 30 seconds or more between the last-in-time uncrossed NBBO and the next-in-time uncrossed NBBO, the affected order is exempted from Rule 605 and must be excluded entirely from a market center, broker, or dealer's report (even if the crossed NBBO only affects a partial execution of the order).

In addition, the determination of when a non-marketable limit order (including an order submitted with a stop price) becomes "executable," as defined in Rule 600(b), relies on a comparison to the NBBO. A non-marketable limit order will fall within the scope of Rule 605 reporting only if it becomes executable. To avoid skewing execution quality statistics, the determination of whether a non-marketable limit order has become executable should not occur when the NBBO is crossed. Therefore, if the NBBO becomes crossed before a non-marketable limit order has become executable, a determination that such order has become executable should not be made during any period of time in which the NBBO is crossed. If the NBBO subsequently becomes uncrossed, a determination of whether the order has become executable should resume. If, instead, the NBBO becomes crossed after a non-marketable limit order has become executable, but before the order is executed, then the procedure set forth above should also apply.

### C. Rescission of Exemption for Manually-Received Orders

In the SIA Exemptive Letter, the Commission exempted temporarily all market centers from the requirement to report under Rule 605 on orders that are received by the market center otherwise than through automated systems.<sup>40</sup> The SIA Exemptive Letter stated that this temporary exemption would be withdrawn, after a reasonable period of advance notice to market centers, when the Commission determines that market centers have the ability to capture all orders electronically.<sup>41</sup>

The Commission is rescinding the temporary exemption from Rule 605, as amended by the Rule 605 Amendments Release, for manually-received orders. The Commission has determined that such action is necessary or appropriate in the public interest, and is consistent with the protection of investors. In granting the temporary exemption, the Commission had stated that the exemption of manually-received orders from the Rule “is intended to facilitate timely compliance with the Rule until market centers are able to develop automated systems that will capture all orders.”<sup>42</sup> Over the last two decades, market centers and broker-dealers have developed automated systems that capture nearly all orders, including manual orders.<sup>43</sup> Therefore, the exemption is no longer necessary to facilitate timely compliance with Rule 605.

### III. Conclusion

Accordingly, IT IS HEREBY ORDERED, pursuant to Rule 605(b) of Regulation NMS, that the above-described exemptive relief be granted, modified, or rescinded, as described above.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>44</sup>

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<sup>40</sup> See SIA Exemptive Letter, supra note 8, at 1.

<sup>41</sup> See SIA Exemptive Letter, supra note 8, at 1.

<sup>42</sup> See SIA Exemptive Letter, supra note 10, at 2.

<sup>43</sup> See also Rule 605 Amendments Release, supra note 5, at 26430 (discussing the evolution of the equities markets from manual to highly automated trading).

<sup>44</sup> 17 CFR 200.30-3(a)(68).

**Sherry R. Haywood,**

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