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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No. * SR 2022 - * 09

Amendment No. (req. for Amendments *)

Filing by NYSE National, Inc.

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
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Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	Rule		
			<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010
Section 806(e)(1) *

Section 806(e)(2) *

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 3C(b)(2) *

Exhibit 2 Sent As Paper Document

Exhibit 3 Sent As Paper Document

Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Proposal to modify Rule 7.31

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Le-Anh Last Name * Bui
Title * Counsel, NYSE Group Inc.
E-mail * Le-Anh.Bui@ice.com
Telephone * (212) 656-2225 Fax (212) 656-8101

Signature

Pursuant to the requirements of the Securities Exchange of 1934, NYSE National, Inc. has duty caused this filing to be signed on its behalf by the undersigned thereunto duty authorized.

Date 06/23/2022 (Title *)
By Martha Redding Corporate Secretary
(Name *)

NOTE: Clicking the signature block at right will initiate digitally signing the form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

Martha Redding
Digitally signed by Martha Redding
Date: 2022.06.23 17:21:12 -04'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EDFS website.

Form 19b-4 Information *

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SEC Sub of 19b-4 NYSE National Pills

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

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Ex. 1 SEC Sub of 19b-4 NYSE Nation

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A - Notice of Proposed Rule Change, Security-Based Swap Submission, or Advanced Notice by Clearing Agencies *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2- Notices, Written Comments, Transcripts, Other Communications

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Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

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Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit Sent As Paper Document

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

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Ex. 5 SEC Sub of 19b-4 NYSE Nation

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

- (a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”)¹ and Rule 19b-4 thereunder,² NYSE National, Inc. (“NYSE National” or the “Exchange”) proposes to modify Rule 7.31 to (1) permit certain non-routable order types to be designated to cancel if they would be displayed at a price other than their limit price; (2) allow ALO Orders to be designated as non-displayed; (3) permit ALO Orders to be entered in any size; (4) modify the operation of the Non-Display Remove Modifier and eliminate its use with MPL-ALO Orders; and (5) make MPL Orders eligible to trade at their limit price and eliminate the “No Midpoint Execution” Modifier.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1.

- (b) The Exchange does not believe that the proposed rule change will have any direct effect, or any significant indirect effect, on any other Exchange rule in effect at the time of this filing.
- (c) Not applicable.

2. Procedures of the Self-Regulatory Organization

Senior management has approved the proposed rule change pursuant to authority delegated to it by the Board of the Exchange. No further action is required under the Exchange’s governing documents. Therefore, the Exchange’s internal procedures with respect to the proposed change are complete.

The person on the Exchange staff prepared to respond to questions and comments on the proposed rule change is:

Le-Anh Bui
Counsel
NYSE Group, Inc.
(212) 656-2225

3. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

- (a) Purpose

The Exchange proposes to amend Rule 7.31 to (1) permit certain non-routable

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

order types to be designated to cancel if they would be displayed at a price other than their limit price; (2) allow ALO Orders to be designated as non-displayed; (3) permit ALO Orders to be entered in any size; (4) modify the handling of orders designated with the Non-Display Remove Modifier and eliminate the use of the Non-Display Remove Modifier for MPL-ALO Orders; and (5) allow MPL Orders to trade at either the midpoint or their limit price and eliminate the “No Midpoint Execution” Modifier.

Designation to Cancel

The Exchange proposes to modify Rules 7.31(e)(1), 7.31(e)(2), and 7.31(e)(3)(D) to permit Non-Routable Limit Orders, displayed ALO Orders,³ and Day ISO ALO Orders to be designated to cancel if they would be displayed at a price other than their limit price for any reason.

As proposed, Non-Routable Limit Orders, displayed ALO Orders, and Day ISO ALO Orders would be eligible to be designated to cancel at the ETP Holder’s instruction, thereby providing ETP Holders with increased flexibility with respect to order handling and the ability to have greater determinism regarding order processing when such orders would be repriced to display at a price other than their limit price. The Exchange notes that this designation would be optional, and if not designated to cancel, Non-Routable Limit Orders, displayed ALO Orders, and Day ISO ALO Orders would continue to function as set forth in current Exchange rules (except as proposed in this filing with respect to the function of the Non-Display Remove Modifier and odd lots). The Exchange further notes that providing ETP Holders with the ability to designate orders to cancel if they would be repriced is not novel, and other cash equity exchanges currently offer their members a similar option.⁴

³ As noted above, the Exchange also proposes in this filing to permit ALO Orders to be designated as non-displayed, and discussion of the proposed modification of Rule 7.31(e)(2) to effect that change appears in the “Non-Displayed ALO” section below. The proposed new designation to cancel would be inapplicable to Non-Displayed ALO Orders, as proposed, because such orders are not eligible to be displayed.

⁴ See, e.g., Members Exchange (“MEMX”) Rules 11.6(a) (defining the Cancel Back instruction, which a User may attach to an order to instruct that such order be cancelled if it cannot be posted to the MEMX Book at its limit price) and 11.6(l)(2) (defining the Post Only instruction; an order with such instruction functions similarly to the ALO Order and may be designated to be cancelled by the User); Cboe BZX Exchange, Inc. (“BZX”) Rules 11.9(c)(6) and 11.9(g)(d) (defining the BZX Post Only Order, which functions similarly to the ALO Order and may be designated to be cancelled at the User’s instruction); Cboe BYX Exchange, Inc. (“BYX”) Rule 11.9(c)(6) and 11.9(g)(d) (defining the BYX Post Only Order, which functions similarly to the ALO Order and may be designated to be cancelled at the User’s instruction); Nasdaq Stock Exchange LLC

To effect this change, the Exchange proposes the following modifications to Rules 7.31(e)(1), 7.31(e)(2), and 7.31(e)(3)(D):

- Rule 7.31(e)(1) - Non-Routable Limit Orders

As defined in Rule 7.31(e)(1), a Non-Routable Limit Order is a Limit Order that does not route. Currently, a Non-Routable Limit Order to buy (sell) will trade with orders to sell (buy) on the Exchange Book that are priced at or below (above) the PBO (PBB) and will be repriced based on updates to the Away Market PBO (PBB) as set forth in current Rules 7.31(e)(1)(A)(i) through (iv).

The Exchange proposes to delete the current text of Rule 7.31(e)(1)(A) and add new text to provide that a Non-Routable Limit Order would not be displayed at a price that would lock or cross the PBO (PBB) of an Away Market, and such order to buy (sell) would trade with orders on the Exchange Book that are priced equal to or below (above) the PBO (PBB) of an Away Market. These proposed changes would merely rephrase and clarify the existing behavior of a Non-Routable Limit Order as already set forth in Rule 7.31(e)(1)(A), without substantive changes.

The Exchange further proposes to modify Rule 7.31(e)(1)(A)(i) to delete the current text and add new text providing for the option to designate a Non-Routable Limit Order to be cancelled, as described above.

The Exchange also proposes to modify Rule 7.31(e)(1)(A)(ii) and add new subparagraphs thereunder to describe how any untraded quantity of a Non-Routable Limit Order would be processed if not designated to cancel. New subparagraph (a) would contain the rule text previously set forth in Rule 7.31(e)(1)(A)(i), without substantive changes, and provide that, if the limit price of a Non-Routable Limit Order to buy (sell) locks or crosses the PBO (PBB) of an Away Market, it would have a working price equal to the PBO (PBB) of the Away Market and a display price one MPV below (above) the PBO (PBB) of the Away Market. Proposed new subparagraph (b) would contain rule text currently set forth in Rule 7.31(e)(1)(A)(ii) describing how a Non-Routable Limit Order would be processed when the PBO (PBB) of an Away Market reprices higher (lower), without substantive changes. Finally, the Exchange proposes to renumber current Rules 7.31(e)(1)(A)(iii) and (iv) as Rules 7.31(e)(1)(A)(ii)(c) and (d), respectively, with no changes to the rule text.

(“Nasdaq”) Rule 4702(b)(4)(A) (defining the Post-Only Order, which functions similarly to the ALO Order and may be designated to be cancelled back to the Participant at the Participant’s election).

- Rule 7.31(e)(2) - ALO Orders

Rule 7.31(e)(2) and the subparagraphs thereunder define the ALO Order, which is a Non-Routable Limit Order that will trade with contra-side interest if its limit price crosses the working price of any displayed or non-displayed orders to sell (buy) on the Exchange Book priced equal to or below (above) the PBO (PBB) of an Away Market. In other words, an ALO Order will not remove liquidity from the Exchange Book unless it receives price improvement. Accordingly, the Exchange proposes to modify Rule 7.31(e)(2) to simplify the definition of an ALO Order, without any substantive changes, and state that ALO Orders are Non-Routable Limit Orders that would not remove liquidity from the Exchange Book unless they receive price improvement. The Exchange also proposes to add new text to Rule 7.31(e)(2)⁵ to effect the change described above, permitting an ALO Order to be designated to cancel if it would be displayed at a price other than its limit price for any reason.

The Exchange next proposes to reorganize Rules 7.31(e)(2)(A) through (C) to describe the operation of the ALO Order in a more logical flow, but without any substantive changes to the operation of the order type. Specifically, the Exchange proposes to reorganize Rules 7.31(e)(2)(A) through (C) to first describe when an ALO Order would trade, then describe how any untraded quantity of an ALO Order not designated to cancel would be processed, and then describe the handling of any untraded quantity of an ALO Order that locks non-displayed interest.

First, the Exchange proposes to delete the current text of Rule 7.31(e)(2)(A), which states only that an ALO Order will be assigned a working price and display price pursuant to Rule 7.31(e)(2)(B) and is thus redundant of the substantive rule text in Rule 7.31(e)(2)(B) and its subparagraphs. The Exchange proposes to add new rule text in Rule 7.31(e)(2)(A) providing that an Aggressing ALO Order to buy (sell) would trade if its limit price crosses the working price of any displayed or non-displayed orders to sell (buy) on the Exchange Book priced equal to or below (above) the PBO (PBB) of an Away Market, in which case, the ALO Order would trade as the liquidity taker with such orders. The Exchange notes that this change is not intended to propose any modification to the current operation of the ALO Order and merely restates text that currently appears in Rule 7.31(e)(2)(B)(ii) describing when an ALO Order may trade, with no substantive changes. The Exchange believes that this proposed reorganization would improve the clarity of Rule

⁵ As noted above, the Exchange also proposes in this filing to permit ALO Orders to be designated as non-displayed and to permit ALO Orders to be entered in odd lots, and discussion of the proposed modification of Rule 7.31(e)(2) to effect those changes appears in the “Non-Displayed ALO” and “ALO Odd Lots” sections below.

7.31(e)(2) by describing how an ALO Order would trade before progressing on to describe how any untraded quantity of an ALO Order would be handled if it is not designated to cancel upon repricing.

The Exchange next proposes to delete the current text of Rule 7.31(e)(2)(B) and reorganize Rule 7.31(e)(2)(B) and the subparagraphs thereunder. Rule 7.31(e)(2)(B) and the subparagraphs that follow would, as proposed, specify how untraded quantities of an ALO Order would be processed if such order has not been designated to cancel. To effect this change, the Exchange proposes that Rule 7.31(e)(2)(B) would now provide that, if an ALO Order is not designated to cancel, any untraded quantity of such order would trade as described in subparagraphs (i) and (ii).

In subparagraph (i), the Exchange proposes to delete the existing rule text and modify subparagraph (i) to provide that, if the limit price of an ALO Order locks the display price of any order to sell (buy) ranked Priority 2 - Display Orders on the Exchange Book, it would have a working price and display price (if it has been designated to display) one MPV below (above) the price of the displayed order on the Exchange Book. The Exchange notes that the content of Rule 7.31(e)(2)(B)(i) would be incorporated into Rule 7.31(e)(2)(B)(ii) (as proposed below) and that this proposed change merely moves rule text from where it is currently located in Rule 7.31(e)(2)(B)(iii) and does not reflect any proposed change to the operation of the ALO Order when the limit price of any untraded quantity of such order locks displayed interest on the Exchange Book.

The Exchange next proposes to delete the current text of Rule 7.31(e)(2)(B)(ii) and replace it with text that would provide that, if the limit price of an ALO Order locks or crosses the PBO (PBB) of an Away Market, it would have a working price equal to the PBO (PBB) of the Away Market and a display price (if designated to display) one MPV below (above) the PBO (PBB) of the Away Market. The Exchange notes that proposed Rule 7.31(e)(2)(B)(ii) rephrases text currently set forth in Rules 7.31(e)(2)(B)(i) and (iv) and is not intended to propose any change to the operation of the ALO Order when the limit price of any untraded quantity of such order locks or crosses the PBB of an Away Market. The Exchange also notes that the current text of Rule 7.31(e)(2)(B)(ii) was, as described above, incorporated into revised Rule 7.31(e)(2)(A).

The Exchange further proposes to delete current Rules 7.31(e)(2)(B)(iii) and (iv) (including subparagraph (a) under Rule 7.31(e)(2)(B)(iv)), as the content of such Rules has been covered by the proposed Rules described above and would be incorporated into proposed Rule 7.31(e)(2)(C) (as discussed below), without changes to the current operation of the ALO Order. Specifically, Rule 7.31(e)(2)(B)(iii) has been incorporated into proposed Rule 7.31(e)(2)(B)(i), the content of Rule 7.31(e)(2)(B)(iv) would be clarified by proposed Rules

7.31(e)(2)(B)(ii) and 7.31(e)(2)(C), and the content of Rule 7.31(e)(2)(B)(iv)(a) would be covered by proposed Rule 7.31(e)(2)(B)(i). The Exchange also proposes to delete subparagraph (b) under 7.31(e)(2)(B)(iv), which currently describes how ALO Orders would interact with resting Non-Displayed Limit Orders and Non-Routable Limit Orders designated with the Non-Displayed Remove Modifier, as repetitive of rule text in Rule 7.31(d)(2)(B) with respect to Non-Displayed Limit Orders and in Rule 7.31(e)(1)(C) with respect to Non-Routable Limit Orders.

Proposed Rule 7.31(e)(2)(C) would next provide that if any untraded quantity of an ALO Order to buy (sell), whether designated to cancel or not, locks non-displayed interest on the Exchange Book, it would have a working price and display price (if designated to display) equal to its limit price. The Exchange notes that this rule text reflects the current behavior of ALO Orders when their limit price locks non-displayed interest on the Exchange Book, which would not change based on whether an ALO Order has been designated to cancel, as proposed.

The Exchange next proposes to rename current Rule 7.31(e)(2)(B)(v) as Rule 7.31(e)(2)(D) and current Rule 7.31(e)(2)(C) as Rule 7.31(e)(2)(E). The Exchange also proposes changes to subparagraphs (i) and (ii) of proposed Rule 7.31(e)(2)(E). In subparagraphs (i) and (ii), the Exchange proposes to add clarity to its Rules by specifying that the reference to the PBO (PBB) is of an Away Market and proposes to update the paragraph references to reflect the reorganization of the Rule as described above. Specifically, the Exchange proposes to update subparagraph (i) to refer to paragraphs (e)(2)(A) (which now describes when an Aggressing ALO Order is eligible to trade), (e)(2)(B)(i) - (ii) (which now describe the processing of any untraded quantity of an ALO Order that is not designated to cancel), and (e)(2)(C) of the Rule (which now describes the processing of any untraded quantity of an ALO Order that locks non-displayed interest). The Exchange further proposes to update subparagraph (ii) to refer to paragraphs (e)(1)(A)(ii)(c) and (d) of the Rule, which simply updates the paragraph references consistent with the changes described above to renumber paragraphs (e)(1)(A)(iii) and (iv) as paragraphs (e)(1)(A)(ii)(c) and (d).⁶

The Exchange also proposes to rename current Rule 7.31(e)(2)(D) as Rule 7.31(e)(2)(F) and modify new Rule 7.31(e)(2)(F) to provide that an ALO Order would not trigger a contra-side MPL Order that is resting at the midpoint to trade, except as specified in Rule 7.31(d)(3)(F). Rule 7.31(d)(3)(F), in relevant part and as modified in this filing, would provide that an MPL Order designated with the Non-Display Remove Modifier would

⁶ In addition, to effect the proposed change to permit ALO Orders to be designated as non-displayed, the Exchange proposes an additional revision to Rule 7.31(e)(2)(E)(ii) discussed below in the “Non-Displayed ALO” section.

trade as the liquidity-taking order with an Aggressing ALO Order or MPL-ALO Order that has a working price equal to the working price of the MPL Order.⁷

The Exchange notes that the proposed changes described above are intended only to implement the addition of the option to designate an ALO Order to cancel and, in connection with such proposal, to improve the clarity and organization of Rule 7.31(e)(2). The proposed changes set forth above otherwise reflect how an ALO Order currently behaves and are not intended to propose any other changes to the operation of the order type.⁸

- Rule 7.31(e)(3)(D) - Day ISO ALO Orders

Rule 7.31(e)(3) provides that an Intermarket Sweep Order (“ISO”) is a Limit Order that does not route and meets the requirements of Rule 600(b)(30) of Regulation NMS. Rule 7.31(e)(3)(C) provides that an ISO designated Day (“Day ISO”), if marketable on arrival, will be immediately traded with contra-side interest in the Exchange Book up to its full size and limit price, and that any untraded quantity of a Day ISO will be displayed at its limit price and may lock or cross a protected quotation that was displayed at the time of arrival of the Day ISO. Rule 7.31(e)(3)(D) provides that a Day ISO ALO is a Day ISO that has been designated with an ALO Modifier and, on arrival, may trade through or lock or cross a protected quotation that was displayed at the time of arrival of the Day ISO ALO.

In order to effect the change described above to permit a Day ISO ALO Order to be designated to cancel if it would be displayed at a price other than its limit price for any reason, the Exchange proposes to modify and reorganize Rule 7.31(e)(3)(D) and the paragraphs thereunder similar to its proposal with respect to Rule 7.31(e)(2) for ALO Orders. As in proposed Rule 7.31(e)(2), the Exchange proposes to reorganize Rule 7.31(e)(3)(D) to describe when a Day ISO ALO Order would trade, how any untraded quantity of a Day ISO ALO Order not designated to cancel would be processed, and the handling of any untraded quantity of a Day ISO ALO Order that locks non-displayed interest, in that logical order.

First, the Exchange proposes to modify Rule 7.31(e)(3)(D) to add text providing that a Day ISO ALO can be designated to cancel. The Exchange does not propose any changes to the first sentence of current Rule

⁷ Changes to Rule 7.31(d)(3)(F) to effect the proposed modification of the Non-Display Remove Modifier’s operation with respect to MPL-ALO Orders are discussed further in the “Non-Display Remove Modifier” section below.

⁸ The Exchange notes that its proposed changes to provide for a non-displayed ALO Order, to permit ALO Orders to be entered in odd lots, and to modify the operation of the Non-Display Remove Modifier are discussed below.

7.31(e)(3)(D)(i), which describes when a Day ISO ALO Order may trade, but proposes to combine the second sentence of current Rule 7.31(e)(3)(D)(i) with Rule 7.31(e)(3)(D)(ii). Rule 7.31(e)(3)(D)(ii) would now specify that, if not designated to cancel, any untraded quantity of a Day ISO ALO Order to buy (sell) would be assigned a working price and display price one MPV below (above) the price of the displayed order on the Exchange Book when the limit price of the Day ISO ALO Order locks the display price of a displayed order on the Exchange Book.

The Exchange next proposes to delete the current text of Rule 7.31(e)(3)(D)(iii) and the subparagraphs thereunder and add new rule text specifying that any untraded quantity of a Day ISO ALO Order that locks non-displayed interest on the Exchange Book would have a working price and display price equal to its limit price. The Exchange notes that this proposed change merely rephrases current Rule 7.31(e)(3)(D)(iii) and eliminates redundant rule text (thereby simplifying Exchange rules) and is not intended to change the meaning or operation of such rules. The Exchange notes that current Rule 7.31(e)(3)(D)(iii)(a) would be covered by Rule 7.31(e)(3)(D)(ii), as proposed, and that it proposes to delete Rule 7.31(e)(3)(D)(iii)(b) because, like Rule 7.31(e)(2)(B)(iv), it is redundant of rule text describing the behavior of the Non-Displayed Remove Modifier in Rule 7.31(d)(2)(B) with respect to Non-Displayed Limit Orders and in Rule 7.31(e)(1)(C) with respect to Non-Routable Limit Orders.

Finally, the Exchange proposes to make clarifying changes to Rule 7.31(e)(3)(D)(iv). First, the Exchange proposes to replace “After being displayed” with “Once resting on the Exchange Book” to align the rule text with existing rule text in current Rule 7.31(e)(2)(C), which similarly describes how ALO Orders would be processed once resting on the Exchange Book. The Exchange further proposes to clarify that the PBO (PBB) referenced in this subparagraph is of an Away Market. The Exchange also proposes to update the reference to paragraphs (e)(2)(C)(i) and (ii) of Rule 7.31 to paragraphs (e)(2)(E)(i) and (ii) to reflect the proposed reorganization of Rule 7.31(e)(2) as described above.

The Exchange notes that the proposed changes described above are not intended to impact the operation of the Day ISO ALO Order other than to implement the new optional designation to cancel and, in connection with that proposed change, to improve the clarity and organization of Rule 7.31(e)(3)(D).⁹ The proposed changes set forth above otherwise reflect how a Day ISO ALO Order currently behaves and are not intended to propose any other changes to the operation of the order type.

⁹ The Exchange notes that it also proposes a modification to Rule 7.31(e)(3)(D) in connection with its proposal to permit Day ISO ALO Orders to be entered in odd lots, which is described below in the “ALO Odd Lots” section.

Non-Displayed ALO Order

As noted above, the Exchange proposes to permit ALO Orders to be designated as non-displayed, and to effect this change, proposes to modify Rule 7.31(e)(2) to add text specifying that ALO Orders may be designated as non-displayed orders. The Exchange proposes that a non-displayed ALO Order would function in the same way as an ALO Order currently behaves except that it would not have a display price (and thus would not be eligible to be designated to cancel, as such proposed option is described above) and would be repriced when crossed by the PBO (PBB) of an Away Market.

The Exchange also proposes to add text to Rule 7.31(e)(2)(E)(ii) (as renumbered above) to provide that, if the PBO (PBB) of an Away Market reprices lower (higher) than the working price of a non-displayed ALO Order to buy (sell), the non-displayed ALO Order would have a working price equal to the PBO (PBB) of the Away Market. This proposed rule text would indicate, as noted above, a difference in behavior between a non-displayed ALO Order, as proposed, and a displayed ALO Order.

The Exchange believes that permitting an ALO Order to be non-displayed would provide ETP Holders with greater flexibility with respect to the operation of an existing order type and would provide ETP Holders with the option to designate ALO Orders to be non-displayed in accordance with their desired trading strategy.

The Exchange notes that displayed ALO Orders would continue to be available for use by ETP Holders, and designating an ALO Order to be non-displayed would be at the ETP Holder's option. The Exchange also believes that other cash equity exchanges similarly permit order types analogous to the ALO Order to be non-displayed and that this proposed change thus does not raise any novel issues.¹⁰

ALO Odd Lots

Currently, Rules 7.31(e)(2) and 7.31(e)(3)(D) provide that ALO Orders and Day ISO ALO Orders, respectively, must be entered with a minimum of one displayed round lot. The Exchange proposes to permit ALO Orders and Day ISO ALO Orders to be entered in any size, and thus proposes to delete the round lot requirement from Rules 7.31(e)(2) and 7.31(e)(3)(D). The Exchange believes that requiring ALO Orders and Day ISO ALO Orders to be entered in round lots is

¹⁰ See, e.g., MEMX Rules 11.8(b)(3) and (7) (providing that a Limit Order may be non-displayed and designated with a Post Only instruction). The Exchange also notes that BZX Rule 11.9(g)(1)(D) and BYX Rule 11.9(g)(1)(D) refer to "display-eligible" BZX Post Only Orders and BYX Post Only Orders, respectively, suggesting that such orders could also be designated as non-displayed.

unnecessary, particularly since the Exchange already permits odd lot residual quantities for ALO Orders and Day ISO ALO Orders. The Exchange also believes that permitting ALO Orders and Day ISO ALO Orders to be entered in odd lots could increase liquidity and enhance opportunities for order execution on the Exchange. The Exchange notes that permitting odd lot order quantities, including for ALO Orders, is not novel on the Exchange or other cash equity exchanges and thus believes that this proposed change would align the Exchange's treatment of ALO Orders and Day ISO ALO Orders with features available on other cash equity exchanges.¹¹

Non-Display Remove Modifier

The Exchange proposes to modify the handling of orders designated with the Non-Display Remove Modifier ("NDR Modifier"). Currently, Exchange rules provide that Non-Displayed Limit Orders, Non-Routable Limit Orders (when not displayed), MPL Orders, and MPL-ALO Orders are eligible to be designated with the NDR Modifier.¹² When so designated, Non-Displayed Limit Orders and Non-Routable Limit Orders would trade as the liquidity-taking order with an incoming ALO Order with a working price equal to the working price of such order. MPL Orders and MPL-ALO Orders designated with the NDR Modifier will, on arrival, trade with resting MPL Orders at the midpoint of the PBBO and be the liquidity taker; a resting MPL Order or MPL-ALO Order with the NDR Modifier will be the liquidity taker when trading with arriving MPL Orders and MPL-ALO Orders that do not include the NDR Modifier.

The Exchange proposes to modify the operation of the NDR Modifier to provide that any resting order with the NDR Modifier would remove liquidity when it is locked by any ALO Order. The Exchange believes that this proposed change would expand the circumstances under which an order with the NDR Modifier would be eligible to trade, thereby increasing opportunities for order execution to the benefit of all market participants. Non-Displayed Limit Orders, Non-Routable Limit Orders (when not displayed), and MPL Orders would continue to be eligible to be designated with the NDR Modifier, but the Exchange proposes to provide that MPL-ALO Orders may no longer be designated with the NDR Modifier. The Exchange proposes to eliminate use of the NDR Modifier with MPL-ALO Orders because designating such order with an NDR Modifier is inconsistent with the purpose of the order type (as an MPL-ALO Order is not intended to remove liquidity at the midpoint). Moreover, because ETP Holders have not used the NDR Modifier with MPL-ALO Orders, the Exchange believes that eliminating this order type-modifier combination will simplify its Rules.

¹¹ See, e.g., MEMX Rules 11.8(b)(2) and (7) (providing that a Limit Order may be of odd lot size and designated with the Post Only instruction). The Exchange also notes that the rules of Nasdaq, BZX, and BYX do not appear to prohibit entry of their order types analogous to the ALO Order in odd lots.

¹² See Rules 7.31(d)(2)(B); 7.31(e)(1)(C); 7.31(d)(3)(F).

To effect the proposed modification to the operation of the NDR Modifier, the Exchange proposes the following changes:

- The Exchange proposes to modify Rule 7.31(d)(2)(B) to provide that, when a Non-Displayed Limit Order is designated with the NDR Modifier, it would trade as the liquidity-taking order with an Aggressing ALO Order or MPL-ALO Order when the working price of such order locks the working price of the Non-Displayed Limit Order.
- The Exchange proposes to modify Rule 7.31(d)(3)(F) to delete the reference to MPL-ALO Orders, as it proposes that such orders may no longer be designated with the NDR Modifier. The Exchange also proposes to modify Rule 7.31(d)(3)(F) to provide that an MPL Order designated with the NDR Modifier would trade as the liquidity-taking order with an Aggressing ALO Order or MPL-ALO Order that has a working price equal to the working price of the MPL Order.
- The Exchange proposes to modify Rule 7.31(e)(1)(C) to provide that, when a Non-Routable Limit Order is designated with the NDR Modifier and has a working price (but not display price) equal to the working price of an Aggressing ALO Order or MPL-ALO Order, the Non-Routable Limit Order would trade as the liquidity taker against the ALO Order or MPL-ALO Order.
- The Exchange also proposes to add new subparagraph (d)(3)(E)(iii) to Rule 7.31 to provide that an MPL-ALO Order may not be designated with a NDR Modifier.

The Exchange believes that the operation of the NDR Modifier, as proposed, would not be novel and that the modifier would function similarly to modifiers offered by other cash equity exchanges.¹³

MPL Orders

A Mid-Point Liquidity Order or MPL Order is currently defined in Rule

¹³ See, e.g., BYX Rule 11.9(c)(12) (providing for the Non-Displayed Swap or “NDS” Order, which is an instruction on an order resting on the BYX book that, when locked by an incoming BYX Post Only Order that does not remove liquidity, causes such order to be converted to an executable order that removes liquidity against such incoming order); BZX Rule 11.9(c)(12) (providing for the Non-Displayed Swap or “NDS” Order, which is an instruction on an order resting on the BZX book that, when locked by an incoming BZX Post Only Order that does not remove liquidity, causes such order to be converted to an executable order that removes liquidity against such incoming order).

7.31(d)(3) as a non-displayed, non-routable Limit Order with a working price of the midpoint of the PBBO. The Exchange proposes to modify the definition of an MPL Order to provide that an MPL Order to buy (sell) would have a working price of the lower (higher) of the midpoint of the PBBO or its limit price. In other words, the Exchange proposes that an MPL Order would be eligible to trade at the less aggressive of the midpoint of the PBBO or its limit price. The Exchange believes that permitting MPL Orders to trade at the less aggressive of the midpoint of the PBBO or their limit price would provide ETP Holders with increased opportunities for order execution, thereby enhancing market quality for all market participants. The Exchange notes that permitting MPL Orders to trade at the less aggressive of the midpoint of the PBBO or at their limit price is not novel and that comparable order types on other cash equity exchanges currently behave in this manner.¹⁴

To effect this change, the Exchange proposes to modify the following portions of Rule 7.31(d)(3):

- Rule 7.31(d)(3) currently provides that an MPL Order has a working price of the midpoint of the PBBO. The Exchange proposes to modify this Rule to provide that an MPL Order to buy (sell) would have a working price at the lower (higher) of the midpoint of the PBBO or its limit price.
- Rule 7.31(d)(3)(A) currently provides that an MPL Order to buy (sell) is eligible to trade only if the midpoint of the PBBO is at or below (above) the limit price of the MPL Order. The Exchange proposes to modify this Rule to provide that an MPL Order would be eligible to trade at the working price of the order (which, as described above, would be defined to be the less aggressive of the midpoint of the PBBO or the limit price of the MPL Order).
- Rule 7.31(d)(3)(C) currently provides that an Aggressing MPL Order to buy (sell) will trade with resting orders to sell (buy) with a working price at or below (above) the midpoint of the PBBO at the working price of the resting orders. The Exchange proposes to modify this Rule to provide that

¹⁴ See, e.g., MEMX Rule 11.6(h)(2) (providing that a Pegged Order with a Midpoint Peg instruction may execute at its limit price or better when its limit price is less aggressive than the midpoint of the NBBO); Cboe EDGA Exchange, Inc. Rule 11.8(d) (describing the MidPoint Peg Order, which is a non-displayed Market Order or Limit Order with an instruction to execute at the midpoint of the NBBO, but that may execute at its limit price or better when its limit price is less aggressive than the midpoint of the NBBO); Cboe EDGX Exchange, Inc. Rule 11.8(d) (same); Nasdaq Rule 4702(b)(5)(A) (describing the Midpoint Peg Post-Only Order, which will be priced at the midpoint between the NBBO or at its limit price when the midpoint is higher than (lower than) the limit price of such order).

an Aggressing MPL Order would trade with a resting order, at the working price of such order, when the resting order has a working price at or below (above) the working price of the MPL Order. Rule 7.31(d)(3)(C) also currently states that resting MPL Orders to buy (sell) will trade at the midpoint of the PBBO against all Aggressing Orders to sell (buy) priced at or below (above) the midpoint of the PBBO. The Exchange proposes to instead provide that resting MPL Orders would trade against Aggressing Orders priced at or below (above) the working price of the MPL Order, consistent with the proposed changes described above to permit MPL Orders to trade at the less aggressive of the midpoint of the PBBO or their limit price.

- Rule 7.31(d)(3)(E) currently provides that an MPL-ALO Order is an MPL Order that has been designated with an ALO Modifier. The Exchange proposes to revise subparagraphs (i) and (ii) thereunder to make changes consistent with those described above with respect to MPL Orders. Specifically, the Exchange proposes to modify Rule 7.31(d)(3)(E)(i) to be similar to Rule 7.31(d)(3)(C) but with modified phrasing specific to the behavior of MPL-ALO Orders. Accordingly, Rule 7.31(d)(3)(E)(i), as proposed, would provide that an Aggressing MPL-ALO Order to buy (sell) would trade with a resting order, at the working price of such order, when the resting order has a working price below (above) the less aggressive of the midpoint of the PBBO or the limit price of the MPL-ALO Order. In addition, to reflect the operation of the ALO Modifier, the Exchange further proposes to modify Rule 7.31(d)(3)(E)(i) to specify that an MPL-ALO Order would not trade with resting orders priced equal to the less aggressive of the midpoint of the PBBO or the limit price of the MPL-ALO Order.¹⁵ The Exchange believes that these proposed changes would provide additional clarity with respect to the particular behavior of MPL-ALO Orders, as such orders (unlike MPL Orders) would not take liquidity at the less aggressive of the midpoint of the PBBO or their limit price.

In addition, because the Exchange proposes to allow MPL Orders - including MPL-ALO Orders - to trade at the less aggressive of the midpoint of the PBBO or their limit price, the Exchange proposes to modify Rule 7.31(d)(3)(E)(ii) to replace the reference to the “midpoint” with the “working price of the MPL-ALO Order” (consistent with the revised definition of MPL Order proposed above).

¹⁵ The proposed changes to Rule 7.31(d)(3)(E)(i) relating to the operation of the NDR Modifier are described above in the “Non-Display Remove Modifier” section.

To effect the proposed change to eliminate the “No Midpoint Execution” Modifier, the Exchange proposes to modify Rule 7.31(d)(3)(C) to delete text providing that an incoming Limit Order may be designated with a “No Midpoint Execution” Modifier and that orders so designated would not trade with resting MPL Orders and may trade through MPL Orders.

The Exchange believes that the elimination of the “No Midpoint Execution” Modifier would simplify order processing on the Exchange and, in conjunction with the proposed changes to MPL Orders described above, encourage the use of MPL Orders and provide increased opportunities for order execution.

Finally, the Exchange proposes a modification to Rule 7.11, which sets forth rules pertaining to the Limit Up-Limit Down (“LULD”) Plan. The proposed change would modify the handling of MPL Orders relative to the Upper and Lower Price Bands, consistent with the proposed changes described above with respect to the behavior of MPL Orders. Specifically, the Exchange proposes to modify Rule 7.11(a)(5), which describes the repricing or cancellation of orders to buy (sell) that are priced or could be traded above (below) the Upper (Lower) Price Band. Rule 7.11(a)(5)(F) currently provides that, if the midpoint of the PBBO is above (below) the Upper (Lower) Price Band, an MPL Order will not be repriced or rejected and will not be eligible to trade unless the ETP Holder enters an instruction to cancel or reject such MPL Order.

The Exchange proposes to delete the text of Rule 7.11(a)(5)(F) and designate the Rule as Reserved. The Exchange believes Rule 7.11(a)(5)(F) is no longer necessary because MPL Orders, as proposed, would be permitted to reprice and trade relative to LULD Price Bands. The Exchange believes that this change is consistent with the proposed change to permit MPL Orders to trade at prices other than the midpoint of the PBBO and would similarly increase execution opportunities for MPL Orders within the bounds of the LULD Price Bands in effect. The Exchange notes that MPL Orders would behave in the same way as other Limit Orders with respect to LULD Price Bands and would thus be processed as set forth in current Rule 7.11(a)(5)(B).

Reserve Orders

Rule 7.31(d)(1) provides for Reserve Orders, which are Limit or Inside Limit Orders with a quantity of the size displayed and with a reserve quantity that is not displayed. Rule 7.31(d)(1)(C) provides that a Reserve Order must be designated Day and may only be combined with a Non-Routable Limit Order or a Primary Pegged Order.

The Exchange proposes to modify Rule 7.31(d)(1)(C) to clarify that a Reserve Order may not be designated as an ALO Order. Rule 7.31(d)(1)(C) currently provides that a Reserve Order may be combined with a Non-Routable Limit Order. However, although an ALO Order is a Non-Routable Limit Order, the

Exchange currently does not permit Reserve Orders to be designated as ALO Orders and thus proposes a clarifying change to Rule 7.31(d)(1)(C) to specify accordingly. The Exchange notes that this change is intended only to clarify and reflect current behavior and does not propose any changes to the current operation of Reserve Orders or ALO Orders.

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

(b) Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act,¹⁶ in general, and furthers the objectives of Section 6(b)(5),¹⁷ in particular, because it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to, and perfect the mechanism of, a free and open market and a national market system and, in general, to protect investors and the public interest.

With respect to the proposed changes to permit Non-Routable Limit Orders, displayed ALO Orders, and Day ISO ALO Orders to be designated to cancel, the Exchange believes that the proposed changes would remove impediments to, and perfect the mechanism of, a free and open market and a national market system because it would offer ETP Holders the option to cancel such orders when they would be displayed at a price other than their limit price. The Exchange believes that providing ETP Holders with this option would afford them increased flexibility with respect to order handling for existing order types, as well as the ability to have greater determinism regarding order processing in times when such orders would be repriced to display at a price other than their limit price. The Exchange notes that this designation would be optional for ETP Holders, and if not designated to cancel, Non-Routable Limit Orders, displayed ALO Orders, and Day ISO ALO Orders would continue to function as set forth in current Exchange rules (except as otherwise proposed in this filing). The Exchange also notes that providing ETP Holders with the option to designate orders to cancel if they would be repriced is not novel, and would align the Exchange's rules with those of other cash equity exchanges that currently offer their members similar functionality.¹⁸ The Exchange also believes that the proposed changes described above to

¹⁶ 15 U.S.C. 78f(b).

¹⁷ 15 U.S.C. 78f(b)(5).

¹⁸ See note 4, supra.

reorganize and rephrase rule text that describes the current operation of Non-Routable Limit Orders, displayed ALO Orders, and Day ISO ALO Orders are designed 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 because they do not propose any functional changes other than to add the option to cancel instead of repricing and would improve the clarity of Exchange rules governing such orders in connection with the proposed addition of the option to designate such orders to cancel.

With respect to the proposed change to permit ALO Orders to be designated as non-displayed, the Exchange believes that the proposed change would remove impediments to, and perfect the mechanism of, a free and open market and a national market system and protect investors and the public interest because it would offer ETP Holders greater flexibility with respect to the entry of ALO Orders and could offer ETP Holders increased opportunities for order execution. The Exchange believes that permitting an ALO Order to be non-displayed would simply provide ETP Holders with increased options with respect to an existing order type, and ETP Holders are free to designate ALO Orders to be non-displayed or to continue using displayed ALO Orders as provided under current Exchange rules. The Exchange further believes that permitting ALO Orders to be designated as non-displayed is not novel and that this proposed change would remove impediments to, and perfect the mechanism of, a free and open market and a national market system by aligning Exchange rules with the rules of other cash equity exchanges.¹⁹

With respect to the proposed change to permit ALO Orders and Day ISO ALO Orders to be entered in any size, the Exchange also believes that the proposed change would promote just and equitable principles of trade, remove impediments to, and perfect the mechanism of, a free and open market and a national market system, and protect investors and the public interest. Specifically, the Exchange believes that the proposed change would provide ETP Holders with the flexibility and optionality to enter ALO Orders and Day ISO ALO Orders in odd lot sized orders, which could increase liquidity and enhance opportunities for order execution on the Exchange, to the benefit of all market participants. The Exchange also believes that the proposed change would align Exchange rules with the treatment of post-only orders on other cash equity exchanges, thereby removing impediments to, and perfecting the mechanism of, a free and open market and a national market system.²⁰

The Exchange also believes that the proposed change to modify the operation of the NDR Modifier would remove impediments to, and perfect the mechanism of, a free and open market and a national market system and protect investors and the public interest. Specifically, the Exchange believes that this proposed change,

¹⁹ See note 10, supra.

²⁰ See note 11, supra.

which would provide that any resting order with the NDR Modifier would remove liquidity when it is locked by any ALO Order, would expand the circumstances under which an order with the NDR Modifier would be eligible to trade, thereby increasing opportunities for order execution to the benefit of all market participants. The Exchange also believes that eliminating the use of the NDR Modifier with MPL-ALO Orders would remove impediments to, and perfect the mechanism of, a free and open market and a national market system because the order type-modifier combination is inconsistent with the purpose of an MPL-ALO Order (and has not been used by ETP Holders), and the elimination of the NDR Modifier in this context would simplify the Exchange's rules. The Exchange further believes that the operation of the NDR Modifier, as modified, would not be novel and that the proposed change would promote just and equitable principles of trade and remove impediments to, and perfect the mechanism of, a free and open market and a national market system because the NDR Modifier would function similarly to analogous modifiers offered by other cash equity exchanges.²¹

The Exchange also believes that the proposed changes to make an MPL Order eligible to trade at the less aggressive of the midpoint of the PBBO or its limit price and to permit an MPL Order to reprice and trade relative to LULD Price Bands would promote just and equitable principles of trade and remove impediments to, and perfect the mechanism of, a free and open market and a national market system because MPL Orders could have more opportunities to trade with contra-side interest, thereby providing ETP Holders with increased opportunities for order execution and enhancing market quality for all market participants. The Exchange also believes that this proposed change would remove impediments to, and perfect the mechanism of, a free and open market and a national market system because permitting MPL Orders to trade at the less aggressive of the midpoint of the PBBO or at their limit price is not novel and that comparable order types on other cash equity exchanges currently behave in this manner.²² The Exchange further believes that the proposed change to eliminate the "No Midpoint Execution" Modifier would remove impediments to, and perfect the mechanism of, a free and open market and a national market system because the proposed change, along with the proposed changes to MPL Orders, could result in greater opportunities for order execution, thereby enhancing market quality on the Exchange.

Finally, the Exchange believes that its proposed change to specify that Reserve Orders may not be designated as an ALO Order would remove impediments to, and perfect the mechanism of, a free and open market and a national market system and protect investors and the public interest because it is not intended to effect any functional change but would instead add clarity to Exchange rules regarding the current behavior of Reserve Orders.

²¹ See note 13, supra.

²² See note 14, supra.

4. 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. As noted above, the Exchange believes the proposed rule changes would generally align order handling on the Exchange with behavior on other cash equity exchanges²³ and thus would promote competition among exchanges by offering ETP Holders similar functionality and order handling options available on other cash equity exchanges. The Exchange also believes that, to the extent the proposed changes would increase opportunities for order execution, the proposed change would promote competition by making the Exchange a more attractive venue for order flow and enhancing market quality for all market participants.

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

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

6. Extension of Time Period for Commission Action

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

The proposed rule change is effective upon filing pursuant to Section 19(b)(3)(A) of the Act²⁴ and Rule 19b-4(f)(6) thereunder.²⁵ The Exchange asserts that the proposed rule change (i) will not significantly affect the protection of investors or the public interest, (ii) will not impose any significant burden on competition, and (iii) by its terms, will not become operative for 30 days after the date of this filing, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest. Additionally, the Exchange provided the Commission with 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 the filing, or such shorter time as designated by the Commission.

²³ See notes 4, 10, 11, 13, 14, *supra*.

²⁴ 15 U.S.C. 78s(b)(3)(A).

²⁵ 17 CFR 240.19b-4(f)(6).

The Exchange believes that the proposed rule change is a “non-controversial” rule change under paragraph (f)(6) of Rule 19b-4²⁶ because it raises no novel issues; specifically, as detailed above, the proposed changes described herein would generally modify order handling on the Exchange to be consistent with existing functionality and order handling options offered by other cash equity exchanges.²⁷

Moreover, with respect to the proposed changes to allow Non-Routable Limit Orders, displayed ALO Orders, and Day ISO ALO Orders to be designated to be cancelled if they would be repriced, the Exchange believes that the proposal would not significantly affect the protection of investors or the public interest or impose any significant burden on competition because it would simply offer ETP Holders the option to designate such orders to be cancelled when they would be displayed at a price other than their limit price (and would not otherwise impact the operation of such orders under Exchange rules).²⁸ The Exchange believes that this option would offer ETP Holders increased flexibility in connection with existing order types, as well as greater determinism regarding order processing should they choose to employ the designation to cancel.

The Exchange believes that the proposed change to permit ALO Orders to be non-displayed also would not significantly affect the protection of investors or the public interest or impose any significant burden on competition. The Exchange believes that this proposed change would likewise provide ETP Holders with additional flexibility with respect to ALO Orders and could enhance opportunities for order execution, thereby promoting just and equitable principles of trade.

Similarly, the Exchange believes that the proposed change to permit ALO Orders and Day ISO ALO Orders to be entered in any size would not significantly affect the protection of investors or the public interest or impose any significant burden on competition and could instead increase liquidity and enhance opportunities for order execution on the Exchange.

The Exchange also believes that the proposed changes described above would not significantly affect the protection of investors or the public interest or impose any significant burden on competition because they merely provide additional options for order handling and processing and would not impact the operation of existing

²⁶ Id.

²⁷ See notes 4, 10, 11, 13, 14, supra.

²⁸ The Exchange also believes that the proposed reorganization of the rule text pertaining to Non-Routable Limit Orders, displayed ALO Orders, and Day ISO ALO Orders in connection with the addition of the optional designation to cancel would not significantly affect the protection of investors or the public interest or impose any significant burden on competition because it would not otherwise modify the operation of such order types and would instead streamline and improve the clarity of Exchange rules.

order types if not utilized; ETP Holders are free to avail themselves of these options or continue with functionality offered under current Exchange rules.

The Exchange also believes that the proposed modifications to MPL Orders and the NDR Modifier, as well as the deletion of the “No Midpoint Execution” Modifier, would not significantly affect the protection of investors or the public interest or impose any significant burden on competition and would instead promote competition and just and equitable principles of trade by offering ETP Holders increased opportunities for order execution. The proposed changes would allow an MPL Order to be eligible to trade at the less aggressive of the midpoint of the PBBO or the limit price of the MPL Order and to reprice and trade within the bounds of LULD Price Bands, expand the circumstances under which an order with an NDR Modifier would be eligible to trade, and eliminate the use of a modifier that would allow orders to bypass trading with resting MPL Orders or trade through MPL Orders, thereby enhancing trading opportunities for market participants.

Accordingly, the Exchange believes that the changes proposed in this filing would not significantly affect the protection of investors or the public interest or impose a significant burden on competition but would instead promote just and equitable principles of trade on the Exchange by offering additional options and flexibility to ETP Holders and potentially creating additional trading opportunities for market participants.

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.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

Not applicable.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

Exhibit 1 – Form of Notice of Proposed Rule Change for Federal Register

Exhibit 5 – Text of Proposed Rule Change

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-NYSENAT-2022-09)

[Date]

Self-Regulatory Organizations; NYSE National, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to modify Rule 7.31

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (the “Act”)² and Rule 19b-4 thereunder,³ notice is hereby given that on June 23, 2022, NYSE National, Inc. (“NYSE National” or the “Exchange”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II, and III 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 modify Rule 7.31 to (1) permit certain non-routable order types to be designated to cancel if they would be displayed at a price other than their limit price; (2) allow ALO Orders to be designated as non-displayed; (3) permit ALO Orders to be entered in any size; (4) modify the operation of the Non-Display Remove Modifier and eliminate its use with MPL-ALO Orders; and (5) make MPL Orders eligible to trade at their limit price and eliminate the “No Midpoint Execution” Modifier. The proposed rule change is available on the Exchange’s website at

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

www.nyse.com, at the principal office of the Exchange, and at the Commission's Public Reference Room.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend Rule 7.31 to (1) permit certain non-routable order types to be designated to cancel if they would be displayed at a price other than their limit price; (2) allow ALO Orders to be designated as non-displayed; (3) permit ALO Orders to be entered in any size; (4) modify the handling of orders designated with the Non-Display Remove Modifier and eliminate the use of the Non-Display Remove Modifier for MPL-ALO Orders; and (5) allow MPL Orders to trade at either the midpoint or their limit price and eliminate the "No Midpoint Execution" Modifier.

Designation to Cancel

The Exchange proposes to modify Rules 7.31(e)(1), 7.31(e)(2), and 7.31(e)(3)(D) to permit Non-Routable Limit Orders, displayed ALO Orders,⁴ and Day ISO ALO Orders

⁴ As noted above, the Exchange also proposes in this filing to permit ALO Orders

to be designated to cancel if they would be displayed at a price other than their limit price for any reason.

As proposed, Non-Routable Limit Orders, displayed ALO Orders, and Day ISO ALO Orders would be eligible to be designated to cancel at the ETP Holder's instruction, thereby providing ETP Holders with increased flexibility with respect to order handling and the ability to have greater determinism regarding order processing when such orders would be repriced to display at a price other than their limit price. The Exchange notes that this designation would be optional, and if not designated to cancel, Non-Routable Limit Orders, displayed ALO Orders, and Day ISO ALO Orders would continue to function as set forth in current Exchange rules (except as proposed in this filing with respect to the function of the Non-Display Remove Modifier and odd lots). The Exchange further notes that providing ETP Holders with the ability to designate orders to cancel if they would be repriced is not novel, and other cash equity exchanges currently offer their members a similar option.⁵

to be designated as non-displayed, and discussion of the proposed modification of Rule 7.31(e)(2) to effect that change appears in the "Non-Displayed ALO" section below. The proposed new designation to cancel would be inapplicable to Non-Displayed ALO Orders, as proposed, because such orders are not eligible to be displayed.

⁵ See, e.g., Members Exchange ("MEMX") Rules 11.6(a) (defining the Cancel Back instruction, which a User may attach to an order to instruct that such order be cancelled if it cannot be posted to the MEMX Book at its limit price) and 11.6(l)(2) (defining the Post Only instruction; an order with such instruction functions similarly to the ALO Order and may be designated to be cancelled by the User); Cboe BZX Exchange, Inc. ("BZX") Rules 11.9(c)(6) and 11.9(g)(d) (defining the BZX Post Only Order, which functions similarly to the ALO Order and may be designated to be cancelled at the User's instruction); Cboe BYX Exchange, Inc. ("BYX") Rule 11.9(c)(6) and 11.9(g)(d) (defining the BYX Post Only Order, which functions similarly to the ALO Order and may be designated to be cancelled at the User's instruction); Nasdaq Stock Exchange LLC ("Nasdaq") Rule 4702(b)(4)(A) (defining the Post-Only Order, which functions

To effect this change, the Exchange proposes the following modifications to Rules 7.31(e)(1), 7.31(e)(2), and 7.31(e)(3)(D):

- Rule 7.31(e)(1) - Non-Routable Limit Orders

As defined in Rule 7.31(e)(1), a Non-Routable Limit Order is a Limit Order that does not route. Currently, a Non-Routable Limit Order to buy (sell) will trade with orders to sell (buy) on the Exchange Book that are priced at or below (above) the PBO (PBB) and will be repriced based on updates to the Away Market PBO (PBB) as set forth in current Rules 7.31(e)(1)(A)(i) through (iv).

The Exchange proposes to delete the current text of Rule 7.31(e)(1)(A) and add new text to provide that a Non-Routable Limit Order would not be displayed at a price that would lock or cross the PBO (PBB) of an Away Market, and such order to buy (sell) would trade with orders on the Exchange Book that are priced equal to or below (above) the PBO (PBB) of an Away Market. These proposed changes would merely rephrase and clarify the existing behavior of a Non-Routable Limit Order as already set forth in Rule 7.31(e)(1)(A), without substantive changes.

The Exchange further proposes to modify Rule 7.31(e)(1)(A)(i) to delete the current text and add new text providing for the option to designate a Non-Routable Limit Order to be cancelled, as described above.

The Exchange also proposes to modify Rule 7.31(e)(1)(A)(ii) and add new

similarly to the ALO Order and may be designated to be cancelled back to the Participant at the Participant's election).

subparagraphs thereunder to describe how any untraded quantity of a Non-Routable Limit Order would be processed if not designated to cancel. New subparagraph (a) would contain the rule text previously set forth in Rule 7.31(e)(1)(A)(i), without substantive changes, and provide that, if the limit price of a Non-Routable Limit Order to buy (sell) locks or crosses the PBO (PBB) of an Away Market, it would have a working price equal to the PBO (PBB) of the Away Market and a display price one MPV below (above) the PBO (PBB) of the Away Market. Proposed new subparagraph (b) would contain rule text currently set forth in Rule 7.31(e)(1)(A)(ii) describing how a Non-Routable Limit Order would be processed when the PBO (PBB) of an Away Market reprices higher (lower), without substantive changes. Finally, the Exchange proposes to renumber current Rules 7.31(e)(1)(A)(iii) and (iv) as Rules 7.31(e)(1)(A)(ii)(c) and (d), respectively, with no changes to the rule text.

- Rule 7.31(e)(2) - ALO Orders

Rule 7.31(e)(2) and the subparagraphs thereunder define the ALO Order, which is a Non-Routable Limit Order that will trade with contra-side interest if its limit price crosses the working price of any displayed or non-displayed orders to sell (buy) on the Exchange Book priced equal to or below (above) the PBO (PBB) of an Away Market. In other words, an ALO Order will not remove liquidity from the Exchange Book unless it receives price improvement. Accordingly, the Exchange proposes to modify Rule 7.31(e)(2) to simplify the definition of an ALO Order, without any substantive changes,

and state that ALO Orders are Non-Routable Limit Orders that would not remove liquidity from the Exchange Book unless they receive price improvement. The Exchange also proposes to add new text to Rule 7.31(e)(2)⁶ to effect the change described above, permitting an ALO Order to be designated to cancel if it would be displayed at a price other than its limit price for any reason.

The Exchange next proposes to reorganize Rules 7.31(e)(2)(A) through (C) to describe the operation of the ALO Order in a more logical flow, but without any substantive changes to the operation of the order type. Specifically, the Exchange proposes to reorganize Rules 7.31(e)(2)(A) through (C) to first describe when an ALO Order would trade, then describe how any untraded quantity of an ALO Order not designated to cancel would be processed, and then describe the handling of any untraded quantity of an ALO Order that locks non-displayed interest.

First, the Exchange proposes to delete the current text of Rule 7.31(e)(2)(A), which states only that an ALO Order will be assigned a working price and display price pursuant to Rule 7.31(e)(2)(B) and is thus redundant of the substantive rule text in Rule 7.31(e)(2)(B) and its subparagraphs. The Exchange proposes to add new rule text in Rule 7.31(e)(2)(A) providing that an Aggressing ALO Order to buy (sell) would trade if its limit price crosses

⁶ As noted above, the Exchange also proposes in this filing to permit ALO Orders to be designated as non-displayed and to permit ALO Orders to be entered in odd lots, and discussion of the proposed modification of Rule 7.31(e)(2) to effect those changes appears in the “Non-Displayed ALO” and “ALO Odd Lots” sections below.

the working price of any displayed or non-displayed orders to sell (buy) on the Exchange Book priced equal to or below (above) the PBO (PBB) of an Away Market, in which case, the ALO Order would trade as the liquidity taker with such orders. The Exchange notes that this change is not intended to propose any modification to the current operation of the ALO Order and merely restates text that currently appears in Rule 7.31(e)(2)(B)(ii) describing when an ALO Order may trade, with no substantive changes. The Exchange believes that this proposed reorganization would improve the clarity of Rule 7.31(e)(2) by describing how an ALO Order would trade before progressing on to describe how any untraded quantity of an ALO Order would be handled if it is not designated to cancel upon repricing.

The Exchange next proposes to delete the current text of Rule 7.31(e)(2)(B) and reorganize Rule 7.31(e)(2)(B) and the subparagraphs thereunder. Rule 7.31(e)(2)(B) and the subparagraphs that follow would, as proposed, specify how untraded quantities of an ALO Order would be processed if such order has not been designated to cancel. To effect this change, the Exchange proposes that Rule 7.31(e)(2)(B) would now provide that, if an ALO Order is not designated to cancel, any untraded quantity of such order would trade as described in subparagraphs (i) and (ii).

In subparagraph (i), the Exchange proposes to delete the existing rule text and modify subparagraph (i) to provide that, if the limit price of an ALO Order locks the display price of any order to sell (buy) ranked Priority 2 - Display Orders on the Exchange Book, it would have a working price and display

price (if it has been designated to display) one MPV below (above) the price of the displayed order on the Exchange Book. The Exchange notes that the content of Rule 7.31(e)(2)(B)(i) would be incorporated into Rule 7.31(e)(2)(B)(ii) (as proposed below) and that this proposed change merely moves rule text from where it is currently located in Rule 7.31(e)(2)(B)(iii) and does not reflect any proposed change to the operation of the ALO Order when the limit price of any untraded quantity of such order locks displayed interest on the Exchange Book.

The Exchange next proposes to delete the current text of Rule 7.31(e)(2)(B)(ii) and replace it with text that would provide that, if the limit price of an ALO Order locks or crosses the PBO (PBB) of an Away Market, it would have a working price equal to the PBO (PBB) of the Away Market and a display price (if designated to display) one MPV below (above) the PBO (PBB) of the Away Market. The Exchange notes that proposed Rule 7.31(e)(2)(B)(ii) rephrases text currently set forth in Rules 7.31(e)(2)(B)(i) and (iv) and is not intended to propose any change to the operation of the ALO Order when the limit price of any untraded quantity of such order locks or crosses the PBBO of an Away Market. The Exchange also notes that the current text of Rule 7.31(e)(2)(B)(ii) was, as described above, incorporated into revised Rule 7.31(e)(2)(A).

The Exchange further proposes to delete current Rules 7.31(e)(2)(B)(iii) and (iv) (including subparagraph (a) under Rule 7.31(e)(2)(B)(iv)), as the content of such Rules has been covered by the proposed Rules described above and

would be incorporated into proposed Rule 7.31(e)(2)(C) (as discussed below), without changes to the current operation of the ALO Order. Specifically, Rule 7.31(e)(2)(B)(iii) has been incorporated into proposed Rule 7.31(e)(2)(B)(i), the content of Rule 7.31(e)(2)(B)(iv) would be clarified by proposed Rules 7.31(e)(2)(B)(ii) and 7.31(e)(2)(C), and the content of Rule 7.31(e)(2)(B)(iv)(a) would be covered by proposed Rule 7.31(e)(2)(B)(i). The Exchange also proposes to delete subparagraph (b) under 7.31(e)(2)(B)(iv), which currently describes how ALO Orders would interact with resting Non-Displayed Limit Orders and Non-Routable Limit Orders designated with the Non-Displayed Remove Modifier, as repetitive of rule text in Rule 7.31(d)(2)(B) with respect to Non-Displayed Limit Orders and in Rule 7.31(e)(1)(C) with respect to Non-Routable Limit Orders.

Proposed Rule 7.31(e)(2)(C) would next provide that if any untraded quantity of an ALO Order to buy (sell), whether designated to cancel or not, locks non-displayed interest on the Exchange Book, it would have a working price and display price (if designated to display) equal to its limit price. The Exchange notes that this rule text reflects the current behavior of ALO Orders when their limit price locks non-displayed interest on the Exchange Book, which would not change based on whether an ALO Order has been designated to cancel, as proposed.

The Exchange next proposes to rename current Rule 7.31(e)(2)(B)(v) as Rule 7.31(e)(2)(D) and current Rule 7.31(e)(2)(C) as Rule 7.31(e)(2)(E). The Exchange also proposes changes to subparagraphs (i) and (ii) of proposed

Rule 7.31(e)(2)(E). In subparagraphs (i) and (ii), the Exchange proposes to add clarity to its Rules by specifying that the reference to the PBO (PBB) is of an Away Market and proposes to update the paragraph references to reflect the reorganization of the Rule as described above. Specifically, the Exchange proposes to update subparagraph (i) to refer to paragraphs (e)(2)(A) (which now describes when an Aggressing ALO Order is eligible to trade), (e)(2)(B)(i) - (ii) (which now describe the processing of any untraded quantity of an ALO Order that is not designated to cancel), and (e)(2)(C) of the Rule (which now describes the processing of any untraded quantity of an ALO Order that locks non-displayed interest). The Exchange further proposes to update subparagraph (ii) to refer to paragraphs (e)(1)(A)(ii)(c) and (d) of the Rule, which simply updates the paragraph references consistent with the changes described above to renumber paragraphs (e)(1)(A)(iii) and (iv) as paragraphs (e)(1)(A)(ii)(c) and (d).⁷

The Exchange also proposes to rename current Rule 7.31(e)(2)(D) as Rule 7.31(e)(2)(F) and modify new Rule 7.31(e)(2)(F) to provide that an ALO Order would not trigger a contra-side MPL Order that is resting at the midpoint to trade, except as specified in Rule 7.31(d)(3)(F). Rule 7.31(d)(3)(F), in relevant part and as modified in this filing, would provide that an MPL Order designated with the Non-Display Remove Modifier would trade as the liquidity-taking order with an Aggressing ALO Order or MPL-

⁷ In addition, to effect the proposed change to permit ALO Orders to be designated as non-displayed, the Exchange proposes an additional revision to Rule 7.31(e)(2)(E)(ii) discussed below in the “Non-Displayed ALO” section.

ALO Order that has a working price equal to the working price of the MPL Order.⁸

The Exchange notes that the proposed changes described above are intended only to implement the addition of the option to designate an ALO Order to cancel and, in connection with such proposal, to improve the clarity and organization of Rule 7.31(e)(2). The proposed changes set forth above otherwise reflect how an ALO Order currently behaves and are not intended to propose any other changes to the operation of the order type.⁹

- Rule 7.31(e)(3)(D) - Day ISO ALO Orders

Rule 7.31(e)(3) provides that an Intermarket Sweep Order (“ISO”) is a Limit Order that does not route and meets the requirements of Rule 600(b)(30) of Regulation NMS. Rule 7.31(e)(3)(C) provides that an ISO designated Day (“Day ISO”), if marketable on arrival, will be immediately traded with contra-side interest in the Exchange Book up to its full size and limit price, and that any untraded quantity of a Day ISO will be displayed at its limit price and may lock or cross a protected quotation that was displayed at the time of arrival of the Day ISO. Rule 7.31(e)(3)(D) provides that a Day ISO ALO is a Day ISO that has been designated with an ALO Modifier and, on arrival, may trade through or lock or cross a protected quotation that was displayed at the

⁸ Changes to Rule 7.31(d)(3)(F) to effect the proposed modification of the Non-Display Remove Modifier’s operation with respect to MPL-ALO Orders are discussed further in the “Non-Display Remove Modifier” section below.

⁹ The Exchange notes that its proposed changes to provide for a non-displayed ALO Order, to permit ALO Orders to be entered in odd lots, and to modify the operation of the Non-Display Remove Modifier are discussed below.

time of arrival of the Day ISO ALO.

In order to effect the change described above to permit a Day ISO ALO Order to be designated to cancel if it would be displayed at a price other than its limit price for any reason, the Exchange proposes to modify and reorganize Rule 7.31(e)(3)(D) and the paragraphs thereunder similar to its proposal with respect to Rule 7.31(e)(2) for ALO Orders. As in proposed Rule 7.31(e)(2), the Exchange proposes to reorganize Rule 7.31(e)(3)(D) to describe when a Day ISO ALO Order would trade, how any untraded quantity of a Day ISO ALO Order not designated to cancel would be processed, and the handling of any untraded quantity of a Day ISO ALO Order that locks non-displayed interest, in that logical order.

First, the Exchange proposes to modify Rule 7.31(e)(3)(D) to add text providing that a Day ISO ALO can be designated to cancel. The Exchange does not propose any changes to the first sentence of current Rule 7.31(e)(3)(D)(i), which describes when a Day ISO ALO Order may trade, but proposes to combine the second sentence of current Rule 7.31(e)(3)(D)(i) with Rule 7.31(e)(3)(D)(ii). Rule 7.31(e)(3)(D)(ii) would now specify that, if not designated to cancel, any untraded quantity of a Day ISO ALO Order to buy (sell) would be assigned a working price and display price one MPV below (above) the price of the displayed order on the Exchange Book when the limit price of the Day ISO ALO Order locks the display price of a displayed order on the Exchange Book.

The Exchange next proposes to delete the current text of Rule

7.31(e)(3)(D)(iii) and the subparagraphs thereunder and add new rule text specifying that any untraded quantity of a Day ISO ALO Order that locks non-displayed interest on the Exchange Book would have a working price and display price equal to its limit price. The Exchange notes that this proposed change merely rephrases current Rule 7.31(e)(3)(D)(iii) and eliminates redundant rule text (thereby simplifying Exchange rules) and is not intended to change the meaning or operation of such rules. The Exchange notes that current Rule 7.31(e)(3)(D)(iii)(a) would be covered by Rule 7.31(e)(3)(D)(ii), as proposed, and that it proposes to delete Rule 7.31(e)(3)(D)(iii)(b) because, like Rule 7.31(e)(2)(B)(iv), it is redundant of rule text describing the behavior of the Non-Displayed Remove Modifier in Rule 7.31(d)(2)(B) with respect to Non-Displayed Limit Orders and in Rule 7.31(e)(1)(C) with respect to Non-Routable Limit Orders.

Finally, the Exchange proposes to make clarifying changes to Rule 7.31(e)(3)(D)(iv). First, the Exchange proposes to replace “After being displayed” with “Once resting on the Exchange Book” to align the rule text with existing rule text in current Rule 7.31(e)(2)(C), which similarly describes how ALO Orders would be processed once resting on the Exchange Book. The Exchange further proposes to clarify that the PBO (PBB) referenced in this subparagraph is of an Away Market. The Exchange also proposes to update the reference to paragraphs (e)(2)(C)(i) and (ii) of Rule 7.31 to paragraphs (e)(2)(E)(i) and (ii) to reflect the proposed reorganization of Rule 7.31(e)(2) as described above.

The Exchange notes that the proposed changes described above are not intended to impact the operation of the Day ISO ALO Order other than to implement the new optional designation to cancel and, in connection with that proposed change, to improve the clarity and organization of Rule 7.31(e)(3)(D).¹⁰ The proposed changes set forth above otherwise reflect how a Day ISO ALO Order currently behaves and are not intended to propose any other changes to the operation of the order type.

Non-Displayed ALO Order

As noted above, the Exchange proposes to permit ALO Orders to be designated as non-displayed, and to effect this change, proposes to modify Rule 7.31(e)(2) to add text specifying that ALO Orders may be designated as non-displayed orders. The Exchange proposes that a non-displayed ALO Order would function in the same way as an ALO Order currently behaves except that it would not have a display price (and thus would not be eligible to be designated to cancel, as such proposed option is described above) and would be repriced when crossed by the PBO (PBB) of an Away Market.

The Exchange also proposes to add text to Rule 7.31(e)(2)(E)(ii) (as renumbered above) to provide that, if the PBO (PBB) of an Away Market reprices lower (higher) than the working price of a non-displayed ALO Order to buy (sell), the non-displayed ALO Order would have a working price equal to the PBO (PBB) of the Away Market. This proposed rule text would indicate, as noted above, a difference in behavior between a non-displayed ALO Order, as proposed, and a displayed ALO Order.

¹⁰ The Exchange notes that it also proposes a modification to Rule 7.31(e)(3)(D) in connection with its proposal to permit Day ISO ALO Orders to be entered in odd lots, which is described below in the “ALO Odd Lots” section.

The Exchange believes that permitting an ALO Order to be non-displayed would provide ETP Holders with greater flexibility with respect to the operation of an existing order type and would provide ETP Holders with the option to designate ALO Orders to be non-displayed in accordance with their desired trading strategy.

The Exchange notes that displayed ALO Orders would continue to be available for use by ETP Holders, and designating an ALO Order to be non-displayed would be at the ETP Holder's option. The Exchange also believes that other cash equity exchanges similarly permit order types analogous to the ALO Order to be non-displayed and that this proposed change thus does not raise any novel issues.¹¹

ALO Odd Lots

Currently, Rules 7.31(e)(2) and 7.31(e)(3)(D) provide that ALO Orders and Day ISO ALO Orders, respectively, must be entered with a minimum of one displayed round lot. The Exchange proposes to permit ALO Orders and Day ISO ALO Orders to be entered in any size, and thus proposes to delete the round lot requirement from Rules 7.31(e)(2) and 7.31(e)(3)(D). The Exchange believes that requiring ALO Orders and Day ISO ALO Orders to be entered in round lots is unnecessary, particularly since the Exchange already permits odd lot residual quantities for ALO Orders and Day ISO ALO Orders. The Exchange also believes that permitting ALO Orders and Day ISO ALO Orders to be entered in odd lots could increase liquidity and enhance opportunities for order execution on the Exchange. The Exchange notes that permitting odd lot order

¹¹ See, e.g., MEMX Rules 11.8(b)(3) and (7) (providing that a Limit Order may be non-displayed and designated with a Post Only instruction). The Exchange also notes that BZX Rule 11.9(g)(1)(D) and BYX Rule 11.9(g)(1)(D) refer to "display-eligible" BZX Post Only Orders and BYX Post Only Orders, respectively, suggesting that such orders could also be designated as non-displayed.

quantities, including for ALO Orders, is not novel on the Exchange or other cash equity exchanges and thus believes that this proposed change would align the Exchange's treatment of ALO Orders and Day ISO ALO Orders with features available on other cash equity exchanges.¹²

Non-Display Remove Modifier

The Exchange proposes to modify the handling of orders designated with the Non-Display Remove Modifier ("NDR Modifier"). Currently, Exchange rules provide that Non-Displayed Limit Orders, Non-Routable Limit Orders (when not displayed), MPL Orders, and MPL-ALO Orders are eligible to be designated with the NDR Modifier.¹³ When so designated, Non-Displayed Limit Orders and Non-Routable Limit Orders would trade as the liquidity-taking order with an incoming ALO Order with a working price equal to the working price of such order. MPL Orders and MPL-ALO Orders designated with the NDR Modifier will, on arrival, trade with resting MPL Orders at the midpoint of the PBBO and be the liquidity taker; a resting MPL Order or MPL-ALO Order with the NDR Modifier will be the liquidity taker when trading with arriving MPL Orders and MPL-ALO Orders that do not include the NDR Modifier.

The Exchange proposes to modify the operation of the NDR Modifier to provide that any resting order with the NDR Modifier would remove liquidity when it is locked by any ALO Order. The Exchange believes that this proposed change would expand the circumstances under which an order with the NDR Modifier would be eligible to trade,

¹² See, e.g., MEMX Rules 11.8(b)(2) and (7) (providing that a Limit Order may be of odd lot size and designated with the Post Only instruction). The Exchange also notes that the rules of Nasdaq, BZX, and BYX do not appear to prohibit entry of their order types analogous to the ALO Order in odd lots.

¹³ See Rules 7.31(d)(2)(B); 7.31(e)(1)(C); 7.31(d)(3)(F).

thereby increasing opportunities for order execution to the benefit of all market participants. Non-Displayed Limit Orders, Non-Routable Limit Orders (when not displayed), and MPL Orders would continue to be eligible to be designated with the NDR Modifier, but the Exchange proposes to provide that MPL-ALO Orders may no longer be designated with the NDR Modifier. The Exchange proposes to eliminate use of the NDR Modifier with MPL-ALO Orders because designating such order with an NDR Modifier is inconsistent with the purpose of the order type (as an MPL-ALO Order is not intended to remove liquidity at the midpoint). Moreover, because ETP Holders have not used the NDR Modifier with MPL-ALO Orders, the Exchange believes that eliminating this order type-modifier combination will simplify its Rules.

To effect the proposed modification to the operation of the NDR Modifier, the Exchange proposes the following changes:

- The Exchange proposes to modify Rule 7.31(d)(2)(B) to provide that, when a Non-Displayed Limit Order is designated with the NDR Modifier, it would trade as the liquidity-taking order with an Aggressing ALO Order or MPL-ALO Order when the working price of such order locks the working price of the Non-Displayed Limit Order.
- The Exchange proposes to modify Rule 7.31(d)(3)(F) to delete the reference to MPL-ALO Orders, as it proposes that such orders may no longer be designated with the NDR Modifier. The Exchange also proposes to modify Rule 7.31(d)(3)(F) to provide that an MPL Order designated with the NDR Modifier would trade as the liquidity-taking order with an Aggressing ALO Order or MPL-ALO Order that has a

working price equal to the working price of the MPL Order.

- The Exchange proposes to modify Rule 7.31(e)(1)(C) to provide that, when a Non-Routable Limit Order is designated with the NDR Modifier and has a working price (but not display price) equal to the working price of an Aggressing ALO Order or MPL-ALO Order, the Non-Routable Limit Order would trade as the liquidity taker against the ALO Order or MPL-ALO Order.
- The Exchange also proposes to add new subparagraph (d)(3)(E)(iii) to Rule 7.31 to provide that an MPL-ALO Order may not be designated with a NDR Modifier.

The Exchange believes that the operation of the NDR Modifier, as proposed, would not be novel and that the modifier would function similarly to modifiers offered by other cash equity exchanges.¹⁴

MPL Orders

A Mid-Point Liquidity Order or MPL Order is currently defined in Rule 7.31(d)(3) as a non-displayed, non-routable Limit Order with a working price of the midpoint of the PBBO. The Exchange proposes to modify the definition of an MPL Order to provide that an MPL Order to buy (sell) would have a working price of the

¹⁴ See, e.g., BYX Rule 11.9(c)(12) (providing for the Non-Displayed Swap or “NDS” Order, which is an instruction on an order resting on the BYX book that, when locked by an incoming BYX Post Only Order that does not remove liquidity, causes such order to be converted to an executable order that removes liquidity against such incoming order); BZX Rule 11.9(c)(12) (providing for the Non-Displayed Swap or “NDS” Order, which is an instruction on an order resting on the BZX book that, when locked by an incoming BZX Post Only Order that does not remove liquidity, causes such order to be converted to an executable order that removes liquidity against such incoming order).

lower (higher) of the midpoint of the PBBO or its limit price. In other words, the Exchange proposes that an MPL Order would be eligible to trade at the less aggressive of the midpoint of the PBBO or its limit price. The Exchange believes that permitting MPL Orders to trade at the less aggressive of the midpoint of the PBBO or their limit price would provide ETP Holders with increased opportunities for order execution, thereby enhancing market quality for all market participants. The Exchange notes that permitting MPL Orders to trade at the less aggressive of the midpoint of the PBBO or at their limit price is not novel and that comparable order types on other cash equity exchanges currently behave in this manner.¹⁵

To effect this change, the Exchange proposes to modify the following portions of Rule 7.31(d)(3):

- Rule 7.31(d)(3) currently provides that an MPL Order has a working price of the midpoint of the PBBO. The Exchange proposes to modify this Rule to provide that an MPL Order to buy (sell) would have a working price at the lower (higher) of the midpoint of the PBBO or its limit price.
- Rule 7.31(d)(3)(A) currently provides that an MPL Order to buy (sell) is eligible to trade only if the midpoint of the PBBO is at or below (above)

¹⁵ See, e.g., MEMX Rule 11.6(h)(2) (providing that a Pegged Order with a Midpoint Peg instruction may execute at its limit price or better when its limit price is less aggressive than the midpoint of the NBBO); Cboe EDGA Exchange, Inc. Rule 11.8(d) (describing the MidPoint Peg Order, which is a non-displayed Market Order or Limit Order with an instruction to execute at the midpoint of the NBBO, but that may execute at its limit price or better when its limit price is less aggressive than the midpoint of the NBBO); Cboe EDGX Exchange, Inc. Rule 11.8(d) (same); Nasdaq Rule 4702(b)(5)(A) (describing the Midpoint Peg Post-Only Order, which will be priced at the midpoint between the NBBO or at its limit price when the midpoint is higher than (lower than) the limit price of such order).

the limit price of the MPL Order. The Exchange proposes to modify this Rule to provide that an MPL Order would be eligible to trade at the working price of the order (which, as described above, would be defined to be the less aggressive of the midpoint of the PBBO or the limit price of the MPL Order).

- Rule 7.31(d)(3)(C) currently provides that an Aggressing MPL Order to buy (sell) will trade with resting orders to sell (buy) with a working price at or below (above) the midpoint of the PBBO at the working price of the resting orders. The Exchange proposes to modify this Rule to provide that an Aggressing MPL Order would trade with a resting order, at the working price of such order, when the resting order has a working price at or below (above) the working price of the MPL Order. Rule 7.31(d)(3)(C) also currently states that resting MPL Orders to buy (sell) will trade at the midpoint of the PBBO against all Aggressing Orders to sell (buy) priced at or below (above) the midpoint of the PBBO. The Exchange proposes to instead provide that resting MPL Orders would trade against Aggressing Orders priced at or below (above) the working price of the MPL Order, consistent with the proposed changes described above to permit MPL Orders to trade at the less aggressive of the midpoint of the PBBO or their limit price.
- Rule 7.31(d)(3)(E) currently provides that an MPL-ALO Order is an MPL Order that has been designated with an ALO Modifier. The Exchange proposes to revise subparagraphs (i) and (ii) thereunder to make changes

consistent with those described above with respect to MPL Orders. Specifically, the Exchange proposes to modify Rule 7.31(d)(3)(E)(i) to be similar to Rule 7.31(d)(3)(C) but with modified phrasing specific to the behavior of MPL-ALO Orders. Accordingly, Rule 7.31(d)(3)(E)(i), as proposed, would provide that an Aggressing MPL-ALO Order to buy (sell) would trade with a resting order, at the working price of such order, when the resting order has a working price below (above) the less aggressive of the midpoint of the PBBO or the limit price of the MPL-ALO Order. In addition, to reflect the operation of the ALO Modifier, the Exchange further proposes to modify Rule 7.31(d)(3)(E)(i) to specify that an MPL-ALO Order would not trade with resting orders priced equal to the less aggressive of the midpoint of the PBBO or the limit price of the MPL-ALO Order.¹⁶ The Exchange believes that these proposed changes would provide additional clarity with respect to the particular behavior of MPL-ALO Orders, as such orders (unlike MPL Orders) would not take liquidity at the less aggressive of the midpoint of the PBBO or their limit price.

In addition, because the Exchange proposes to allow MPL Orders - including MPL-ALO Orders - to trade at the less aggressive of the midpoint of the PBBO or their limit price, the Exchange proposes to modify Rule 7.31(d)(3)(E)(ii) to replace the reference to the “midpoint”

¹⁶ The proposed changes to Rule 7.31(d)(3)(E)(i) relating to the operation of the NDR Modifier are described above in the “Non-Display Remove Modifier” section.

with the “working price of the MPL-ALO Order” (consistent with the revised definition of MPL Order proposed above).

To effect the proposed change to eliminate the “No Midpoint Execution” Modifier, the Exchange proposes to modify Rule 7.31(d)(3)(C) to delete text providing that an incoming Limit Order may be designated with a “No Midpoint Execution” Modifier and that orders so designated would not trade with resting MPL Orders and may trade through MPL Orders.

The Exchange believes that the elimination of the “No Midpoint Execution” Modifier would simplify order processing on the Exchange and, in conjunction with the proposed changes to MPL Orders described above, encourage the use of MPL Orders and provide increased opportunities for order execution.

Finally, the Exchange proposes a modification to Rule 7.11, which sets forth rules pertaining to the Limit Up-Limit Down (“LULD”) Plan. The proposed change would modify the handling of MPL Orders relative to the Upper and Lower Price Bands, consistent with the proposed changes described above with respect to the behavior of MPL Orders. Specifically, the Exchange proposes to modify Rule 7.11(a)(5), which describes the repricing or cancellation of orders to buy (sell) that are priced or could be traded above (below) the Upper (Lower) Price Band. Rule 7.11(a)(5)(F) currently provides that, if the midpoint of the PBBO is above (below) the Upper (Lower) Price Band, an MPL Order will not be repriced or rejected and will not be eligible to trade unless the ETP Holder enters an instruction to cancel or reject such MPL Order.

The Exchange proposes to delete the text of Rule 7.11(a)(5)(F) and designate the Rule as Reserved. The Exchange believes Rule 7.11(a)(5)(F) is no longer necessary

because MPL Orders, as proposed, would be permitted to reprice and trade relative to LULD Price Bands. The Exchange believes that this change is consistent with the proposed change to permit MPL Orders to trade at prices other than the midpoint of the PBBO and would similarly increase execution opportunities for MPL Orders within the bounds of the LULD Price Bands in effect. The Exchange notes that MPL Orders would behave in the same way as other Limit Orders with respect to LULD Price Bands and would thus be processed as set forth in current Rule 7.11(a)(5)(B).

Reserve Orders

Rule 7.31(d)(1) provides for Reserve Orders, which are Limit or Inside Limit Orders with a quantity of the size displayed and with a reserve quantity that is not displayed. Rule 7.31(d)(1)(C) provides that a Reserve Order must be designated Day and may only be combined with a Non-Routable Limit Order or a Primary Pegged Order.

The Exchange proposes to modify Rule 7.31(d)(1)(C) to clarify that a Reserve Order may not be designated as an ALO Order. Rule 7.31(d)(1)(C) currently provides that a Reserve Order may be combined with a Non-Routable Limit Order. However, although an ALO Order is a Non-Routable Limit Order, the Exchange currently does not permit Reserve Orders to be designated as ALO Orders and thus proposes a clarifying change to Rule 7.31(d)(1)(C) to specify accordingly. The Exchange notes that this change is intended only to clarify and reflect current behavior and does not propose any changes to the current operation of Reserve Orders or ALO Orders.

Because of the technology changes associated with this proposed rule change, the Exchange will announce the implementation date by Trader Update, which, subject to

effectiveness of this proposed rule change, will be in the third quarter of 2022.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act,¹⁷ in general, and furthers the objectives of Section 6(b)(5),¹⁸ in particular, because it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to, and perfect the mechanism of, a free and open market and a national market system and, in general, to protect investors and the public interest.

With respect to the proposed changes to permit Non-Routable Limit Orders, displayed ALO Orders, and Day ISO ALO Orders to be designated to cancel, the Exchange believes that the proposed changes would remove impediments to, and perfect the mechanism of, a free and open market and a national market system because it would offer ETP Holders the option to cancel such orders when they would be displayed at a price other than their limit price. The Exchange believes that providing ETP Holders with this option would afford them increased flexibility with respect to order handling for existing order types, as well as the ability to have greater determinism regarding order processing in times when such orders would be repriced to display at a price other than their limit price. The Exchange notes that this designation would be optional for ETP Holders, and if not designated to cancel, Non-Routable Limit Orders, displayed ALO Orders, and Day ISO ALO Orders would continue to function as set forth in current

¹⁷ 15 U.S.C. 78f(b).

¹⁸ 15 U.S.C. 78f(b)(5).

Exchange rules (except as otherwise proposed in this filing). The Exchange also notes that providing ETP Holders with the option to designate orders to cancel if they would be repriced is not novel, and would align the Exchange's rules with those of other cash equity exchanges that currently offer their members similar functionality.¹⁹ The Exchange also believes that the proposed changes described above to reorganize and rephrase rule text that describes the current operation of Non-Routable Limit Orders, displayed ALO Orders, and Day ISO ALO Orders are designed 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 because they do not propose any functional changes other than to add the option to cancel instead of repricing and would improve the clarity of Exchange rules governing such orders in connection with the proposed addition of the option to designate such orders to cancel.

With respect to the proposed change to permit ALO Orders to be designated as non-displayed, the Exchange believes that the proposed change would remove impediments to, and perfect the mechanism of, a free and open market and a national market system and protect investors and the public interest because it would offer ETP Holders greater flexibility with respect to the entry of ALO Orders and could offer ETP Holders increased opportunities for order execution. The Exchange believes that permitting an ALO Order to be non-displayed would simply provide ETP Holders with increased options with respect to an existing order type, and ETP Holders are free to designate ALO Orders to be non-displayed or to continue using displayed ALO Orders as provided under current Exchange rules. The Exchange further believes that permitting

¹⁹ See note 5, *supra*.

ALO Orders to be designated as non-displayed is not novel and that this proposed change would remove impediments to, and perfect the mechanism of, a free and open market and a national market system by aligning Exchange rules with the rules of other cash equity exchanges.²⁰

With respect to the proposed change to permit ALO Orders and Day ISO ALO Orders to be entered in any size, the Exchange also believes that the proposed change would promote just and equitable principles of trade, remove impediments to, and perfect the mechanism of, a free and open market and a national market system, and protect investors and the public interest. Specifically, the Exchange believes that the proposed change would provide ETP Holders with the flexibility and optionality to enter ALO Orders and Day ISO ALO Orders in odd lot sized orders, which could increase liquidity and enhance opportunities for order execution on the Exchange, to the benefit of all market participants. The Exchange also believes that the proposed change would align Exchange rules with the treatment of post-only orders on other cash equity exchanges, thereby removing impediments to, and perfecting the mechanism of, a free and open market and a national market system.²¹

The Exchange also believes that the proposed change to modify the operation of the NDR Modifier would remove impediments to, and perfect the mechanism of, a free and open market and a national market system and protect investors and the public interest. Specifically, the Exchange believes that this proposed change, which would provide that any resting order with the NDR Modifier would remove liquidity when it is

²⁰ See note 11, supra.

²¹ See note 12, supra.

locked by any ALO Order, would expand the circumstances under which an order with the NDR Modifier would be eligible to trade, thereby increasing opportunities for order execution to the benefit of all market participants. The Exchange also believes that eliminating the use of the NDR Modifier with MPL-ALO Orders would remove impediments to, and perfect the mechanism of, a free and open market and a national market system because the order type-modifier combination is inconsistent with the purpose of an MPL-ALO Order (and has not been used by ETP Holders), and the elimination of the NDR Modifier in this context would simplify the Exchange's rules. The Exchange further believes that the operation of the NDR Modifier, as modified, would not be novel and that the proposed change would promote just and equitable principles of trade and remove impediments to, and perfect the mechanism of, a free and open market and a national market system because the NDR Modifier would function similarly to analogous modifiers offered by other cash equity exchanges.²²

The Exchange also believes that the proposed changes to make an MPL Order eligible to trade at the less aggressive of the midpoint of the PBBO or its limit price and to permit an MPL Order to reprice and trade relative to LULD Price Bands would promote just and equitable principles of trade and remove impediments to, and perfect the mechanism of, a free and open market and a national market system because MPL Orders could have more opportunities to trade with contra-side interest, thereby providing ETP Holders with increased opportunities for order execution and enhancing market quality for all market participants. The Exchange also believes that this proposed change would remove impediments to, and perfect the mechanism of, a free and open market and a

²² See note 14, supra.

national market system because permitting MPL Orders to trade at the less aggressive of the midpoint of the PBBO or at their limit price is not novel and that comparable order types on other cash equity exchanges currently behave in this manner.²³ The Exchange further believes that the proposed change to eliminate the “No Midpoint Execution” Modifier would remove impediments to, and perfect the mechanism of, a free and open market and a national market system because the proposed change, along with the proposed changes to MPL Orders, could result in greater opportunities for order execution, thereby enhancing market quality on the Exchange.

Finally, the Exchange believes that its proposed change to specify that Reserve Orders may not be designated as an ALO Order would remove impediments to, and perfect the mechanism of, a free and open market and a national market system and protect investors and the public interest because it is not intended to effect any functional change but would instead add clarity to Exchange rules regarding the current behavior of Reserve Orders.

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. As noted above, the Exchange believes the proposed rule changes would generally align order handling on the Exchange with behavior on other cash equity exchanges²⁴ and thus would promote competition among exchanges by offering ETP Holders similar functionality and order handling options available on other cash equity

²³ See note 15, supra.

²⁴ See notes 5, 11, 12, 14, 15, supra.

exchanges. The Exchange also believes that, to the extent the proposed changes would increase opportunities for order execution, the proposed change would promote competition by making the Exchange a more attractive venue for order flow and enhancing market quality for all market participants.

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)(iii) of the Act²⁵ and Rule 19b-4(f)(6) thereunder.²⁶ 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 and Rule 19b-4(f)(6)(iii) 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

²⁵ 15 U.S.C. 78s(b)(3)(A)(iii).

²⁶ 17 CFR 240.19b-4(f)(6).

Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B)²⁷ 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 (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NYSENAT-2022-09 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-NYSENAT-2022-09. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule

²⁷ 15 U.S.C. 78s(b)(2)(B).

change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NYSE-NAT-2022-09 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁸

Eduardo A. Aleman
Deputy Secretary

²⁸ 17 CFR 200.30-3(a)(12).

Additions: Underlined
Deletions: [Bracketed]

Rules of NYSE National, Inc.

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Rule 7 EQUITIES TRADING

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Section 1. General Provisions

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Rule 7.11. Limit Up—Limit Down Plan and Trading Pauses in Individual Securities Due to Extraordinary Market Volatility

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(a) Limit Up-Limit Down Mechanism.

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(5) Repricing and Cancellation of Orders. Exchange systems will reprice or cancel buy (sell) orders that are priced or could be traded above (below) the Upper (Lower) Price Band.

* * * * *

(F) [If the midpoint of the PBBO is above (below) the Upper (Lower) Price Band, an MPL Order to buy (sell) will not be repriced or rejected and will not be eligible to trade unless the ETP Holder enters an instruction to cancel or reject such MPL Order.] Reserved.

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Section 3. Exchange Trading

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Rule 7.31. Orders and Modifiers

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(d) Orders with a Conditional or Undisplayed Price and/or Size

- (1) Reserve Order. A Limit or Inside Limit Order with a quantity of the size displayed and with a reserve quantity of the size (“reserve interest”) that is not displayed. The displayed quantity of a Reserve Order is ranked Priority 2 - Display Orders and the reserve interest is ranked Priority 3 - Non-Display Orders. Both the display quantity and the reserve interest of an arriving marketable Reserve Order are eligible to trade with resting interest in the Exchange Book or route to Away Markets. The working price of the reserve interest of a resting Reserve Order will be adjusted in the same manner as a Non-Displayed Limit Order, as provided for in paragraph (d)(2)(A) of this Rule.

* * * * *

(C) A Reserve Order must be designated Day and may be combined with the following orders only: Non-Routable Limit Order or Primary Pegged Order. A Reserve Order may not be designated as an ALO Order.

* * * * *

- (2) Non-Displayed Limit Order. A Limit Order that is not displayed and does not route. A Non-Displayed Limit Order is ranked Priority 3 - Non-Display Orders. A Non-Displayed Limit Order must be designated Day and is valid for any trading session.
- (A) The working price of a Non-Displayed Limit Order will be adjusted both on arrival and when resting on the Exchange Book based on the limit price of the order. If the limit price of a Non-Displayed Limit Order to buy (sell) is at or below (above) the PBO (PBB), it will have a working price equal to the limit price. If the limit price of a Non-Displayed Limit Order to buy (sell) is above (below) the PBO (PBB), it will have a working price equal to the PBO (PBB).
- (B) A Non-Displayed Limit Order may be designated with a Non-Display Remove Modifier. If so designated, a Non-Displayed Limit Order to buy (sell) will trade as the liquidity-taking order with an [incoming] Aggressing ALO Order or MPL-ALO Order to sell (buy) that has a working price equal to the working price of the Non-Displayed Limit Order.
- (3) Mid-Point Liquidity Order (“MPL Order”). A Limit Order to buy (sell) that is not displayed and does not route, with a working price at the lower (higher) of the midpoint of the PBBO or its limit price. An MPL Order is ranked Priority 3- Non-Display Orders. MPL Orders are valid for any session.
- (A) An MPL Order to buy (sell) must be designated with a limit price in the MPV for the security and [is] will be eligible to trade [only if] at the [midpoint of the PBBO is at or below (above) the limit] working price of the order.
- (B) If there is no PBB, PBO, or the PBBO is locked or crossed, both an arriving

and resting MPL Order will wait for a PBBO that is not locked or crossed before being eligible to trade. If a resting MPL Order(s) to buy (sell) trades with MPL Order(s) to sell (buy) after there is an unlocked or uncrossed PBBO, the MPL Order with the later working time will be the liquidity-removing order.

- (C) An Aggressing MPL Order to buy (sell) will trade at the working price of [with] resting orders to sell (buy) when such resting orders have [with] a working price at or below (above) the [midpoint of the PBBO]working price of the MPL Order [at the working price of the resting orders]. Resting MPL Orders to buy (sell) will trade [at the midpoint of the PBBO] against all Aggressing Orders to sell (buy) priced at or below (above) [the midpoint of the PBBO]the working price of the MPL Order. [An incoming Limit Order may be designated with a “No Midpoint Execution” modifier, in which case the incoming Limit Order will not trade with resting MPL Orders and may trade through MPL Orders.]
- (D) An MPL Order may be designated IOC (“MPL-IOC Order”). Subject to such IOC instructions, an MPL-IOC Order will follow the same trading and priority rules as an MPL Order, except that an MPL-IOC Order will be rejected if (i) the order entry size is less than one round lot, or (ii) there is no PBBO or the PBBO is locked or crossed. An MPL-IOC Order cannot be designated ALO or with a Non-Display Remove Modifier.
- (E) An MPL Order may be designated with an ALO Modifier (“MPL-ALO Order”).
- (i) An Aggressing MPL-ALO Order to buy (sell) will trade at the working price of [with] resting orders to sell (buy) when such resting orders have [with] a working price below (above) the less aggressive of the midpoint of the PBBO or the limit price of the MPL-ALO Order [at the working price of the resting orders], but will not trade with resting orders to sell (buy) priced [at] equal to the less aggressive of the midpoint of the PBBO or the limit price of the MPL-ALO Order [unless such resting order is designated with a Non-Display Remove Modifier pursuant to paragraph (d)(3)(F) of this Rule].
- (ii) If an MPL-ALO Order to buy (sell) cannot trade with a same-priced resting order to sell (buy), a subsequently arriving order to sell (buy) eligible to trade at the [midpoint]working price of the MPL-ALO Order will trade ahead of a resting order to sell (buy) that is not displayed at that price. If such resting order to sell (buy) is displayed, the MPL-ALO Order to buy (sell) will not be eligible to trade at that price.
- (iii) An MPL-ALO Order cannot be designated with a Non-Display Remove Modifier.

(F) MPL Orders designated Day [and MPL-ALO Orders] may be designated with a Non-Display Remove Modifier. If so designated, an MPL Order to buy (sell) will trade as the liquidity-taking order with an Aggressing ALO Order or MPL-ALO Order to sell (buy) that has a working price equal to the working price of the MPL Order. [On arrival, an MPL Order or MPL-ALO Order to buy (sell) with a Non-Display Remove Modifier will trade with resting MPL Orders to sell (buy) priced at the midpoint of the PBBO and be the liquidity taker, regardless of whether the resting order to sell (buy) also has a Non-Display Remove Modifier. A resting MPL Order or MPL-ALO Order with a Non-Display Remove Modifier will be the liquidity taker when trading with arriving MPL Orders, including MPL-ALO Orders, that do not include a Non-Display Remove Modifier.]

* * * * *

(e) Orders with Instructions Not to Route

(1) Non-Routable Limit Order. A Limit Order that does not route.

(A) A Non-Routable Limit Order [to buy (sell) that, at the time of entry and after trading with any sell (buy) orders in the Exchange Book priced at or below (above) the PBO (PBB), would create a violation of Rule 610(d) of Regulation NMS by locking or crossing the protected quotation of an Away Market or would cause a violation of Rule 611 of Regulation NMS, will be priced as follows:] will not be displayed at a price that would lock or cross the PBO (PBB) of an Away Market. A Non-Routable Limit Order to buy (sell) will trade with orders to sell (buy) on the Exchange Book priced equal to or below (above) the PBO (PBB) of an Away Market.

(i) [It will have a working price of the PBO (PBB) of an Away Market and a display price one MPV below (above) that PBO (PBB).] A Non-Routable Limit Order can be designated to be cancelled if it would be displayed at a price other than its limit price for any reason.

(ii) If not designated to cancel, any untraded quantity of the Non-Routable Limit Order to buy (sell) will be processed as follows:

(a) If its limit price locks or crosses the PBO (PBB) of an Away Market, it will have a working price equal to the PBO (PBB) of the Away Market and a display price one MPV below (above) the PBO (PBB) of the Away Market.

(b) If the PBO (PBB) of an Away Market re-prices higher (lower), it will be assigned a new working price of the updated PBO (PBB) and a new display price of one MPV below (above) that updated PBO (PBB).

[(iii)] (c) If the PBO (PBB) of an Away Market re-prices to be equal to or lower (higher) than its last display price, its display price will not

change, but the working price will be adjusted to be equal to its display price.

[(iv)] (d) If its limit price no longer locks or crosses the PBO (PBB) of an Away Market, it will be assigned a working price and display price equal to its limit price and will not be assigned a new working price or display price based on changes to the PBO (PBB).

(B) A Non-Routable Limit Order with a working price different from the display price is ranked Priority 3-Non-Display Orders and a Non-Routable Limit Order with a working price equal to the display price is ranked Priority 2-Display Orders.

(C) A Non-Routable Limit Order may be designated with a Non-Display Remove Modifier. If so designated, a Non-Routable Limit Order to buy (sell) with a working price, but not display price, equal to the working price of an Aggressing ALO Order or MPL-ALO Order to sell (buy) will trade as the liquidity taker against such [ALO O] order.

(2) ALO Order. A Non-Routable Limit Order that, [except as specified below]unless it receives price improvement, will not remove liquidity from the Exchange Book. [Upon entry, an ALO Order must have a minimum of one displayed round lot.] An ALO Order can be designated to be cancelled if it would be displayed at a price other than its limit price for any reason. An ALO Order can be designated as non-displayed.

(A) [An ALO Order will be assigned a working price and display price pursuant to paragraph (e)(2)(B) of this Rule.]An Aggressing ALO Order to buy (sell) will trade if its limit price crosses the working price of any displayed or non-displayed orders to sell (buy) on the Exchange Book priced equal to or below (above) the PBO (PBB) of an Away Market, in which case, it will trade as the liquidity taker with such orders.

(B) [An ALO Order to buy (sell) that, at the time of entry, is marketable against an order of any size to sell (buy) on the Exchange Book or would lock or cross a protected quotation in violation of Rule 610(d) of Regulation NMS, will be priced or trade, or both as follows:] If not designated to cancel, any untraded quantity of an ALO Order to buy (sell) will be processed as follows:

(i) [If there are no displayed or non-displayed orders to sell (buy) on the Exchange Book priced equal to or below (above) the PBO (PBB), the ALO Order to buy (sell) will have a working price equal to the PBO (PBB) and a display price one MPV below (above) the PBO (PBB).] If its limit price locks the display price of any order to sell (buy) ranked Priority 2 - Display Orders on the Exchange Book, it will have a working price and display price (if designated to display) one MPV below (above) the price of the displayed order on the Exchange Book.

(ii) [If the limit price of the ALO Order to buy (sell) crosses the working price of any displayed or non-displayed order on the Exchange Book priced equal to or below (above) the PBO (PBB), it will trade as the liquidity taker with such order(s). Any untraded quantity of the ALO Order will have a working price equal to the PBO (PBB) and a display price one MPV below (above) the PBO (PBB).] If its limit price locks or crosses the PBO (PBB) of an Away Market, it will have a working price equal to the PBO (PBB) of the Away Market and a display price (if designated to display) one MPV below (above) the PBO (PBB) of the Away Market.

[(iii) If the limit price of the ALO Order to buy (sell) locks the display price of any order ranked Priority 2 - Display Orders on the Exchange Book priced equal to or below (above) the PBO (PBB), it will be assigned a working price and display price one MPV below (above) the price of the displayed order on the Exchange Book.

(iv) If the limit price of the ALO Order to buy (sell) locks the working price of any order ranked Priority 3 - Non-Display Orders on the Exchange Book priced equal to or below (above) the PBO (PBB), it will be assigned a working price equal to the PBO (PBB) and a display price one MPV below (above) the PBO (PBB), provided that,

(a) if there are any displayed orders at the working price of an order to sell (buy) ranked Priority 3 - Non-Display Orders, the ALO Order to buy (sell) will be priced under paragraph (e)(2)(B)(iii) of this Rule; and

(b) if the resting order(s) is a Non-Displayed Limit Order or Non-Routable Limit Order to sell (buy) that has been designated with a Non-Display Remove Modifier, the ALO Order will trade with such order(s) as the liquidity provider. Unless a resting order is designated with a Non-Display Remove Modifier, an ALO Order will trade only with arriving interest.]

(C) Any untraded quantity of an ALO Order to buy (sell) will have a working price and display price (if designated to display) equal to its limit price if it locks non-displayed orders to sell (buy) on the Exchange Book.

[(v)] (D) An ALO Order to buy (sell) will not be assigned a working price or display price above (below) the limit price of such order.

[(C)] (E) Once resting on the Exchange Book, ALO Orders will be re-priced or trade, or both, as follows:

(i) If the order(s) to sell (buy) ranked Priority 2 - Display Orders or PBO (PBB) of an Away Market re-prices higher (lower), an ALO Order to buy (sell) will trade or be priced, or both, consistent with paragraphs (e)(2)(A), (e)(2)(B)(i) - [(iv)](ii), and (e)(2)(C) of this Rule.

(ii) If the PBO (PBB) of an Away Market re-prices lower (higher) to be equal to or lower (higher) than its last display price or if its limit price no longer locks or crosses the PBO (PBB) of the Away Market, an ALO Order to buy (sell) will be priced pursuant to paragraphs (e)(1)(A)[(iii)](ii)(c) and [(iv)](d) of this Rule. If the PBO (PBB) of an Away Market re-prices lower (higher) than the working price of a non-displayed ALO Order to buy (sell), such order will have a working price equal to the PBO (PBB) of the Away Market.

[(D)] (F) An ALO Order will not trigger a contra-side MPL Order that is resting at the midpoint to trade except as provided in paragraph (d)(3)(F) of this Rule.

(3) Intermarket Sweep Order (“ISO”). A Limit Order that does not route and meets the requirements of Rule 600(b)(30) of Regulation NMS.

(D) A Day ISO may be designated with an ALO Modifier (“Day ISO ALO”)[and must be entered with a minimum of one displayed round lot]. An arriving Day ISO ALO to buy (sell) may trade through or lock or cross a protected quotation that was displayed at the time of arrival of the Day ISO ALO, and will be priced or trade, or both, as follows:] A Day ISO ALO can be designated to be cancelled if it would be displayed at a price other than its limit price for any reason.

(i) If the limit price of the Day ISO ALO to buy (sell) crosses the working price of any displayed or non-displayed order on the Exchange Book, it will trade as the liquidity taker with such order(s).

(ii) If not designated to cancel, [A]any untraded quantity of the Day ISO ALO will, [have a working price and display price equal to its limit price.]

[(ii) I]if the limit price of the Day ISO ALO to buy (sell) locks the display price of any order ranked Priority 2 - Display Orders on the Exchange Book, [it will] be assigned a working price and display price one MPV below (above) the price of the displayed order on the Exchange Book.

(iii) [If the limit price of the Day ISO ALO Order to buy (sell) locks the working price of any order ranked Priority 3 - Non-Display Orders on the Exchange Book, it will be assigned a working price and display price equal to the limit price of the order, provided that,

(a) if there are any displayed orders at the working price of an order to sell (buy) ranked Priority 3 - Non-Display Orders, the Day ISO ALO to buy (sell) will be priced under paragraph (e)(3)(D)(ii) of this Rule; and

- (b) if the resting order(s) is a Non-Displayed Limit Order or Non-Routable Limit Order to sell (buy) that has been designated with a Non-Display Remove Modifier, the Day ISO ALO will trade with such order(s) as the liquidity provider.]

Any untraded quantity of a Day ISO ALO Order to buy (sell) will have a working price and display price equal to its limit price if it locks non-displayed orders to sell (buy) on the Exchange Book.

- (iv) [After being displayed] Once resting on the Exchange Book, a Day ISO ALO will be re-priced and re-displayed or trade, or both, based on changes to orders ranked Priority 2 - Display Orders or the PBO (PBB) of an Away Market consistent with paragraphs (e)(2)[(C)](E)(i) and (ii) of this Rule.

* * * * *