

Required fields are shown with yellow backgrounds and asterisks.

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

File No. * SR 2025 - * 50

Amendment No. (req. for Amendments *)

Filing by New York Stock Exchange LLC

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"/>
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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) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
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Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 Section 3C(b)(2) * <input type="checkbox"/>
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Exhibit 2 Sent As Paper Document <input type="checkbox"/>

Exhibit 3 Sent As Paper Document <input type="checkbox"/>

Description

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

Proposes a new Rule 5310

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 * David	Last Name * De Gregorio
Title * Associate General Counsel, NYSE Group Inc.	
E-mail * David.DeGregorio@ice.com	
Telephone * (212) 656-4166	Fax (212) 656-8101

Signature

Pursuant to the requirements of the Securities Exchange of 1934, New York Stock Exchange LLC has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date 12/22/2025	(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: 2025.12.22 15:26:00 -05'00'

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 EFFS website.

Form 19b-4 Information *

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19b-4 of NYSE Best Ex Rule (8-12-25)

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 *

Add Remove View

Ex. 1 NYSE Best Ex Rule.docx

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

Add Remove View

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

Add Remove View

Ex. 5 SEC Sub of NYSE Best Ex Rule

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

Add Remove View

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 New York Stock Exchange LLC (“NYSE” or the “Exchange”) proposes a new Rule 5310 governing member organization’s best execution obligations based on Nasdaq PHLX Rule General 9, Section 11.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1, and the text of the proposed rule change is attached as Exhibit 5.

- (b) The Exchange does not believe that the proposed rule change will have any direct effect, or significant indirect effect, on the application of 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 rule change are complete.

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

David De Gregorio
Associate General Counsel
NYSE Group, Inc.
(212) 656-4166

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

- (a) Purpose

The Exchange proposes a new Rule 5310 that would govern member organization’s best execution obligations. Proposed Rule 5310 is based on Nasdaq PHLX Rule General 9, Section 11 (Best Execution and Interpositioning). The purpose of the proposed rule is to enhance customer order protection by

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

helping customers to receive efficient executions of their transactions at the best market prices.

Background and Proposed Rule Change

Nasdaq PHLX Rule General 9, Section 11, adopted in 2010, was based on NASD Rule 2320.³ In 2011, the Financial Industry Regulatory Authority (“FINRA”) adopted NASD Rule 2320 as FINRA Rule 5310.⁴ Both rules require broker-dealers to use “reasonable diligence” to ascertain the best market for a security and execute trades in such market so that the resultant price to the customer is as favorable as possible under prevailing market conditions. Other self-regulatory organizations have similar best execution rules.⁵

The Exchange proposes to adopt a new Rule 5310 that would govern the best execution obligations applicable to member organizations and persons associated with member organizations based on the Nasdaq PHLX rule.

Proposed Rule 5310(a)(1) would provide that, in any transaction for or with a customer or a customer of another broker-dealer, a member organization and persons associated with a member organization shall use “reasonable diligence” to ascertain the best market for the subject security and buy or sell in such market so that the resultant price to the customer is as favorable as possible under prevailing market conditions. The proposed Rule would identify five factors among those to be considered in determining whether a member organization has used reasonable diligence:

- (1) the character of the market for the security, e.g., price, volatility, relative liquidity, and pressure on available communications;
- (2) the size and type of transaction;
- (3) the number of markets checked;
- (4) accessibility of the quotation; and

³ See Securities Exchange Act Release No. 62877 (September 9, 2010), 75 FR 56633 (September 16, 2010) (SR-PHLX-2010-79) (Order Approving a Proposed Rule Change, as Modified by Amendment No. 1, Relating to the Establishment of NASDAQ OMX PSX as a Platform for Trading NMS Stocks).

⁴ See Securities Exchange Act Release No. 65895 (December 5, 2011), 76 FR 77042 (December 9, 2011) (SR-FINRA-2011-052) (Order Granting Approval of Proposed Rule Change To Adopt NASD Rule 2320 (Best Execution and Interpositioning) and Interpretive Material (“IM”) 2320 as FINRA Rule 5310 in the Consolidated Rulebook).

⁵ See, e.g., Municipal Securities Rulemaking Board (MSRB) Rule G-18 (Best Execution).

- (5) the terms and conditions of the order which result in the transaction, as communicated to the member organization and persons associated with the member organization.⁶

Proposed Rule 5310(a)(1) is based on Nasdaq PHLX Rule General 9, Section 11(a)(1)(A)-(E) without change.

Proposed Rule 5310(a)(2) would prohibit a member organization or person associated with a member organization, in any transaction for or with a customer or a customer of another broker-dealer, from interjecting a third party between the member organization or associated person and the best market for the subject security in a manner inconsistent with paragraph (a)(1) of the proposed Rule. Proposed Rule 5310(a)(2) is based on Nasdaq PHLX Rule General 9, Section 11(a)(2) without change.

Proposed paragraph (b) would provide when a member organization cannot execute directly with a market maker but must employ a broker's broker or some other means in order to insure an execution advantageous to the customer, the burden of showing the acceptable circumstances for doing so would be on the retail firm. The proposed Rule would further provide that examples of acceptable circumstances would be where a customer's order is "crossed" with another retail firm which has a corresponding order on the other side, or where the identity of the retail firm, if known, would likely cause undue price movements adversely affecting the cost or proceeds to the customer. Proposed Rule 5310(b) is based on Nasdaq PHLX Rule General 9, Section 11(b) without change.

Proposed paragraph (c) would provide that failure to maintain or adequately staff a department assigned to execute customers' orders cannot be considered justification for executing away from the best available market; nor can channeling orders through a third party as described above as reciprocation for service or business serve to relieve a member organization of its obligations. The proposed Rule would further provide that channeling of customers' orders through a broker's broker or third party pursuant to established correspondent relationships under which executions are confirmed directly to the member organization acting as agent for the customer, such as where the third party gives up the name of the retail firm, would not be prohibited if the cost of such service is not borne by the customer. Proposed Rule 5310(c) is based on Nasdaq PHLX Rule General 9, Section 11(c) without change.

Proposed paragraph (d) would provide that a member organization through which a retail order is channeled, as described in the proposed Rule, and which knowingly is a party to an arrangement whereby the initiating member organization has not fulfilled its obligations under the proposed Rule, will also be deemed to have violated the proposed Rule. Except for replacing "his" with "it"

⁶ See proposed Rule 5310(a)(1)(A)-(E).

before “obligations” in the proposed Rule, proposed Rule 5310(d) is identical to Nasdaq PHLX Rule General 9, Section 11(d).

Proposed paragraph (e) provides that the obligations in paragraphs (a) through (d) of the proposed Rule exist where the member organization acts as agent for the account of its customer but also where retail transactions are executed as principal and contemporaneously offset. Except for replacing “his” with “it” before “customer” in the proposed Rule, proposed Rule 5310(d) is identical to Nasdaq PHLX Rule General 9, Section 11(e).

Proposed Rule 5310 includes Supplementary Material based on Nasdaq PHLX Rule General 9, Section 11(f) and one section based on FINRA Rule 5310.08 to provide additional guidance and clarity regarding the obligations of member organizations and persons associated with member organizations with respect to best execution requirements.

First, the Exchange would include an introductory paragraph that provides that proposed Rule 5310(a) requires, among other things, that a member organization or person associated with a member organization comply with paragraph (a) when customer orders are routed to it from another broker/dealer for execution, and that the proposed Supplementary Material addresses certain interpretive questions concerning the applicability of the best execution rule. The proposed text is based on the first full paragraph of Nasdaq PHLX Rule General 9, Section 11(f) without change.

Proposed Supplementary Material .01 titled “Definition of Market” would define “market” and provides that the singular or plural term should be construed broadly, and it encompasses a variety of different venues, including, but not limited to, market centers that are trading a particular security. Proposed Supplementary Material .01 further provides that the expansive interpretation is meant to both inform broker-dealers as to the breadth of the scope of venues that must be considered in the furtherance of their best execution obligations and to promote fair competition among broker-dealers, exchange markets, and markets other than exchange markets, as well as any other venue that may emerge, by not mandating that certain trading venues have less relevance than others in the course of determining a firm’s best execution obligations. Proposed Supplementary Material .01 is based on the second full paragraph of Nasdaq PHLX Rule General 9, Section 11(f) without change.

Proposed Supplementary Material .02, titled “Best Execution and Executing Brokers,” clarifies that a member organization’s duty to provide best execution in any transaction “for or with a customer of another broker-dealer” does not apply in instances when another broker-dealer is simply executing a customer order against the member organization’s quote or, stated in another manner, the duty to provide best execution to customer orders received from other broker-dealers arises only when an order is routed from the broker-dealer to the member

organization for the purpose of order handling and execution. As proposed Supplementary Material .02 further provides, the clarification is intended to draw a distinction between those situations in which the member organization is acting solely as the buyer or seller in connection with orders presented by a broker-dealer against the member organization's quote, as opposed to those circumstances in which the member organization is accepting order flow from another broker-dealer for the purpose of facilitating the handling and execution of such orders. Proposed Supplementary Material .02 is based on the third full paragraph of Nasdaq PHLX Rule General 9, Section 11(f) without change.

Finally, Supplementary Material .03, titled "Customer Instructions Regarding Order Handling," would specify that if a member organization receives an unsolicited instruction from a customer to route that customer's order to a particular market for execution, the member organization is not required to make a best execution determination beyond the customer's specific instruction. However, member organizations are still required to process that customer's order promptly and in accordance with the terms of the order. Further, where a customer has directed that an order be routed to another specific broker-dealer that is also a member organization, the receiving broker-dealer to which the order was directed would be required to meet the requirements of proposed Rule 5310 with respect to its handling of the order. Proposed Supplementary Material .03 is based on FINRA Rule 5310.08 without change except for conforming changes to reflect the Exchange's membership.

(b) Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,⁷ in general, and furthers the objectives of Section 6(b)(5) of the Act,⁸ in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest. In addition, the Exchange believes that the proposed rule change is consistent with the Section 6(b)(5)⁹ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange believes that adopting best execution and interpositioning standards based on Nasdaq PHLX Rule General 9, Section 11 will promote just and equitable principles of trade and protect investors and the

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(5).

⁹ 15 U.S.C. 78f(b)(5).

public interest by imposing consistent order execution standards that member organizations must observe when handling customer orders that directly serve investor protection. Moreover, the Exchange believes that incorporating the proposed Supplementary Material containing additional guidance and clarification of the obligations of member organizations and their associated persons under the proposed Rule based on Nasdaq PHLX Rule General 9, Section 11 with an additional provision containing important clarifications about the interaction between a broker-dealer's best execution obligations and their obligations with respect to specific customer instructions based on FINRA Rule 5310.08 will potentially enhance compliance with those obligations, thus furthering the prevention of manipulative acts and practices and the protection of investors and the public interest.

As discussed in the Purpose section, proposed Rule 5310 is substantially similar to Nasdaq PHLX Rule General 9, Section 11, thus promoting the application of consistent regulatory standards for customer order execution across self-regulatory organizations. As such, the proposed rule change would facilitate rule harmonization among self-regulatory organizations with respect to customer order execution, thereby fostering cooperation and coordination with persons engaged in facilitating transactions in securities and will remove impediments to and perfect the mechanism of a free and open market and a national market system. In addition, the Exchange believes that the proposed rule change will maintain the necessary protection of customer orders designed to prevent fraudulent and manipulative acts, without imposing any undue regulatory costs on industry participants. Finally, the Exchange believes that the proposed rule change is not designed to permit unfair discrimination between customers, issuers, brokers and dealers, consistent with Section 6(b)(5) of the Act¹⁰ because the proposed rule change will impose the same requirements on all member organizations on an equal basis.

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. The Exchange believes the proposed rule change will reduce the burdens on member organizations that result from their having to comply with varying rules related to best execution, thus reducing the complexity of customer order protection rules, particularly for those member organizations subject to the rules of multiple trading venues. Overall, the Exchange believes the proposed rule change will enhance customer order handling rules by harmonizing best execution and interpositioning standards across self-regulatory organizations, which ultimately benefits market participants and does not impose a burden on competition.

¹⁰ 15 U.S.C. 78f(b)(5).

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 Exchange believes that the proposal qualifies for immediate effectiveness upon filing as a “non-controversial” rule change in accordance with Section 19(b)(3)(A) of the Act¹¹ and Rule 19b-4(f)(6) thereunder.¹²

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. In addition, 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 filing, or such shorter time as the Commission may designate.

The Exchange believes that this filing is non-controversial and eligible to become effective immediately because the proposal promotes uniformity in customer execution standards across self-regulatory organizations. The Exchange believes that the proposed rule change would not significantly affect the protection of investors or the public interest or impose any significant burden on competition because the changes are based on the rule of another national securities exchange and would align the Exchange's rules with those of that market, which the Exchange proposes to adopt in substantially similar form that Nasdaq PHLX adopted them. The Exchange further believes that the proposed rule change would not significantly affect the protection of investors or the public interest or impose any significant burden on competition because the changes are based on approved rules of Nasdaq PHLX. Finally, the proposed rule change is not intended to address competitive issues but rather is concerned with reducing the burdens on member organizations that result from their having to comply with varying rules related to best execution, thus reducing the complexity of customer order protection rules, particularly for those member organizations subject to the rules of multiple trading venues. Overall, as noted, the Exchange believes the

¹¹ 15 U.S.C. 78s(b)(3)(A).

¹² 17 CFR 240.19b-4(f)(6).

proposed rule change will enhance customer order handling rules by harmonizing best execution and interpositioning standards across self-regulatory organizations, which ultimately benefits market participants and does not impose a burden on competition, thereby providing greater harmonization across self-regulatory organizations with respect to rules of similar purpose. Accordingly, the Exchange believes that these proposed rule changes are eligible for immediately effective treatment under the Commission's current procedures for processing rule filings.

For the foregoing reasons, this rule filing qualifies for immediate effectiveness as a "non-controversial" rule change under paragraph (f)(6) of Rule 19b-4.¹³ 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

The proposed rule change is based on Nasdaq PHLX Rule General 9, Section 11 and in part on FINRA Rule 5310.08. Except for the conforming changes noted above, the proposed rules and the Nasdaq PHLX counterpart rules are identical, and proposed Rule 5310.03 is identical to FINRA Rule 5310.08.

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

Not applicable.

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

Not applicable.

11. Exhibits

Exhibit 1 Completed Notice of Proposed Rule Change for publication in the Federal Register.

Exhibit 5 Text of Proposed Rule Change.

¹³ 17 CFR 240.19b-4(f)(6).

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-NYSE-2025-50)

[Date]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to a New Rule 5310

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (“Act”)² and Rule 19b-4 thereunder,³ notice is hereby given that on December 22, 2025, New York Stock Exchange LLC (“NYSE” or the “Exchange”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, 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 a new Rule 5310 governing member organization’s best execution obligations based on Nasdaq PHLX Rule General 9, Section 11. The proposed rule change is available on the Exchange’s website at www.nyse.com, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

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

1. Purpose

The Exchange proposes a new Rule 5310 that would govern member organization's best execution obligations. Proposed Rule 5310 is based on Nasdaq PHLX Rule General 9, Section 11 (Best Execution and Interpositioning). The purpose of the proposed rule is to enhance customer order protection by helping customers to receive efficient executions of their transactions at the best market prices.

Background and Proposed Rule Change

Nasdaq PHLX Rule General 9, Section 11, adopted in 2010, was based on NASD Rule 2320.⁴ In 2011, the Financial Industry Regulatory Authority ("FINRA") adopted NASD Rule 2320 as FINRA Rule 5310.⁵ Both rules require broker-dealers to use "reasonable diligence" to ascertain the best market for a security and execute trades in such market so that the resultant price to the customer is as favorable as possible under prevailing market conditions. Other self-regulatory organizations have similar best execution rules.⁶

⁴ See Securities Exchange Act Release No. 62877 (September 9, 2010), 75 FR 56633 (September 16, 2010) (SR-PHLX-2010-79) (Order Approving a Proposed Rule Change, as Modified by Amendment No. 1, Relating to the Establishment of NASDAQ OMX PSX as a Platform for Trading NMS Stocks).

⁵ See Securities Exchange Act Release No. 65895 (December 5, 2011), 76 FR 77042 (December 9, 2011) (SR-FINRA-2011-052) (Order Granting Approval of Proposed Rule Change To Adopt NASD Rule 2320 (Best Execution and Interpositioning) and Interpretive Material ("IM") 2320 as FINRA Rule 5310 in the Consolidated Rulebook).

⁶ See, e.g., Municipal Securities Rulemaking Board (MSRB) Rule G-18 (Best Execution).

The Exchange proposes to adopt a new Rule 5310 that would govern the best execution obligations applicable to member organizations and persons associated with member organizations based on the Nasdaq PHLX rule.

Proposed Rule 5310(a)(1) would provide that, in any transaction for or with a customer or a customer of another broker-dealer, a member organization and persons associated with a member organization shall use “reasonable diligence” to ascertain the best market for the subject security and buy or sell in such market so that the resultant price to the customer is as favorable as possible under prevailing market conditions. The proposed Rule would identify five factors among those to be considered in determining whether a member organization has used reasonable diligence:

- (1) the character of the market for the security, e.g., price, volatility, relative liquidity, and pressure on available communications;
- (2) the size and type of transaction;
- (3) the number of markets checked;
- (4) accessibility of the quotation; and
- (5) the terms and conditions of the order which result in the transaction, as communicated to the member organization and persons associated with the member organization.⁷

Proposed Rule 5310(a)(1) is based on Nasdaq PHLX Rule General 9, Section 11(a)(1)(A)-(E) without change.

Proposed Rule 5310(a)(2) would prohibit a member organization or person associated with a member organization, in any transaction for or with a customer or a customer of another

⁷ See proposed Rule 5310(a)(1)(A)-(E).

broker-dealer, from interjecting a third party between the member organization or associated person and the best market for the subject security in a manner inconsistent with paragraph (a)(1) of the proposed Rule. Proposed Rule 5310(a)(2) is based on Nasdaq PHLX Rule General 9, Section 11(a)(2) without change.

Proposed paragraph (b) would provide when a member organization cannot execute directly with a market maker but must employ a broker's broker or some other means in order to insure an execution advantageous to the customer, the burden of showing the acceptable circumstances for doing so would be on the retail firm. The proposed Rule would further provide that examples of acceptable circumstances would be where a customer's order is "crossed" with another retail firm which has a corresponding order on the other side, or where the identity of the retail firm, if known, would likely cause undue price movements adversely affecting the cost or proceeds to the customer. Proposed Rule 5310(b) is based on Nasdaq PHLX Rule General 9, Section 11(b) without change.

Proposed paragraph (c) would provide that failure to maintain or adequately staff a department assigned to execute customers' orders cannot be considered justification for executing away from the best available market; nor can channeling orders through a third party as described above as reciprocation for service or business serve to relieve a member organization of its obligations. The proposed Rule would further provide that channeling of customers' orders through a broker's broker or third party pursuant to established correspondent relationships under which executions are confirmed directly to the member organization acting as agent for the customer, such as where the third party gives up the name of the retail firm, would not be prohibited if the cost of such service is not borne by the customer. Proposed Rule 5310(c) is based on Nasdaq PHLX Rule General 9, Section 11(c) without change.

Proposed paragraph (d) would provide that a member organization through which a retail order is channeled, as described in the proposed Rule, and which knowingly is a party to an arrangement whereby the initiating member organization has not fulfilled its obligations under the proposed Rule, will also be deemed to have violated the proposed Rule. Except for replacing “his” with “it” before “obligations” in the proposed Rule, proposed Rule 5310(d) is identical to Nasdaq PHLX Rule General 9, Section 11(d).

Proposed paragraph (e) provides that the obligations in paragraphs (a) through (d) of the proposed Rule exist where the member organization acts as agent for the account of its customer but also where retail transactions are executed as principal and contemporaneously offset. Except for replacing “his” with “it” before “customer” in the proposed Rule, proposed Rule 5310(d) is identical to Nasdaq PHLX Rule General 9, Section 11(e).

Proposed Rule 5310 includes Supplementary Material based on Nasdaq PHLX Rule General 9, Section 11(f) and one section based on FINRA Rule 5310.08 to provide additional guidance and clarity regarding the obligations of member organizations and persons associated with member organizations with respect to best execution requirements.

First, the Exchange would include an introductory paragraph that provides that proposed Rule 5310(a) requires, among other things, that a member organization or person associated with a member organization comply with paragraph (a) when customer orders are routed to it from another broker/dealer for execution, and that the proposed Supplementary Material addresses certain interpretive questions concerning the applicability of the best execution rule. The proposed text is based on the first full paragraph of Nasdaq PHLX Rule General 9, Section 11(f) without change.

Proposed Supplementary Material .01 titled “Definition of Market” would define “market” and provides that the singular or plural term should be construed broadly, and it encompasses a variety of different venues, including, but not limited to, market centers that are trading a particular security. Proposed Supplementary Material .01 further provides that the expansive interpretation is meant to both inform broker-dealers as to the breadth of the scope of venues that must be considered in the furtherance of their best execution obligations and to promote fair competition among broker-dealers, exchange markets, and markets other than exchange markets, as well as any other venue that may emerge, by not mandating that certain trading venues have less relevance than others in the course of determining a firm’s best execution obligations. Proposed Supplementary Material .01 is based on the second full paragraph of Nasdaq PHLX Rule General 9, Section 11(f) without change.

Proposed Supplementary Material .02, titled “Best Execution and Executing Brokers,” clarifies that a member organization’s duty to provide best execution in any transaction “for or with a customer of another broker-dealer” does not apply in instances when another broker-dealer is simply executing a customer order against the member organization’s quote or, stated in another manner, the duty to provide best execution to customer orders received from other broker-dealers arises only when an order is routed from the broker-dealer to the member organization for the purpose of order handling and execution. As proposed Supplementary Material .02 further provides, the clarification is intended to draw a distinction between those situations in which the member organization is acting solely as the buyer or seller in connection with orders presented by a broker-dealer against the member organization’s quote, as opposed to those circumstances in which the member organization is accepting order flow from another broker-dealer for the purpose of facilitating the handling and execution of such orders. Proposed

Supplementary Material .02 is based on the third full paragraph of Nasdaq PHLX Rule General 9, Section 11(f) without change.

Finally, Supplementary Material .03, titled “Customer Instructions Regarding Order Handling,” would specify that if a member organization receives an unsolicited instruction from a customer to route that customer’s order to a particular market for execution, the member organization is not required to make a best execution determination beyond the customer’s specific instruction. However, member organizations are still required to process that customer’s order promptly and in accordance with the terms of the order. Further, where a customer has directed that an order be routed to another specific broker-dealer that is also a member organization, the receiving broker-dealer to which the order was directed would be required to meet the requirements of proposed Rule 5310 with respect to its handling of the order. Proposed Supplementary Material .03 is based on FINRA Rule 5310.08 without change except for conforming changes to reflect the Exchange’s membership.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,⁸ in general, and furthers the objectives of Section 6(b)(5) of the Act,⁹ in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest. In addition, the Exchange believes that the proposed rule change is consistent with the

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(5).

Section 6(b)(5)¹⁰ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange believes that adopting best execution and interpositioning standards based on Nasdaq PHLX Rule General 9, Section 11 will promote just and equitable principles of trade and protect investors and the public interest by imposing consistent order execution standards that member organizations must observe when handling customer orders that directly serve investor protection. Moreover, the Exchange believes that incorporating the proposed Supplementary Material containing additional guidance and clarification of the obligations of member organizations and their associated persons under the proposed Rule based on Nasdaq PHLX Rule General 9, Section 11 with an additional provision containing important clarifications about the interaction between a broker-dealer's best execution obligations and their obligations with respect to specific customer instructions based on FINRA Rule 5310.08 will potentially enhance compliance with those obligations, thus furthering the prevention of manipulative acts and practices and the protection of investors and the public interest.

As discussed in the Purpose section, proposed Rule 5310 is substantially similar to Nasdaq PHLX Rule General 9, Section 11, thus promoting the application of consistent regulatory standards for customer order execution across self-regulatory organizations. As such, the proposed rule change would facilitate rule harmonization among self-regulatory organizations with respect to customer order execution, thereby fostering cooperation and coordination with persons engaged in facilitating transactions in securities and will remove impediments to and perfect the mechanism of a free and open market and a national market system. In addition, the Exchange believes that the proposed rule change will maintain the

¹⁰ 15 U.S.C. 78f(b)(5).

necessary protection of customer orders designed to prevent fraudulent and manipulative acts, without imposing any undue regulatory costs on industry participants. Finally, the Exchange believes that the proposed rule change is not designed to permit unfair discrimination between customers, issuers, brokers and dealers, consistent with Section 6(b)(5) of the Act¹¹ because the proposed rule change will impose the same requirements on all member organizations on an equal basis.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes the proposed rule change will reduce the burdens on member organizations that result from their having to comply with varying rules related to best execution, thus reducing the complexity of customer order protection rules, particularly for those member organizations subject to the rules of multiple trading venues. Overall, the Exchange believes the proposed rule change will enhance customer order handling rules by harmonizing best execution and interpositioning standards across self-regulatory organizations, which ultimately benefits market participants and does not impose a burden on competition.

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

¹¹ 15 U.S.C. 78f(b)(5).

the Act¹² and Rule 19b-4(f)(6) thereunder.¹³ 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.

A proposed rule change filed under Rule 19b-4(f)(6)¹⁴ normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),¹⁵ the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest.

At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B)¹⁶ 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

¹² 15 U.S.C. 78s(b)(3)(A)(iii).

¹³ 17 CFR 240.19b-4(f)(6).

¹⁴ 17 CFR 240.19b-4(f)(6).

¹⁵ 17 CFR 240.19b-4(f)(6)(iii).

¹⁶ 15 U.S.C. 78s(b)(2)(B).

may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-NYSE-2025-50 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.

All submissions should refer to file number SR-NYSE-2025-50. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-NYSE-2025-50 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁷

Sherry R. Haywood,

Assistant Secretary.

¹⁷ 17 CFR 200.30-3(a)(12).

Additions: Underlined
 Deletions: [Bracketed]

Rules of New York Stock Exchange LLC

Conduct Rules (Rules 2010—7470)

Rule 5310. Best Execution

(a)(1) In any transaction for or with a customer or a customer of another broker-dealer, a member organization and persons associated with a member organization shall use reasonable diligence to ascertain the best market for the subject security and buy or sell in such market so that the resultant price to the customer is as favorable as possible under prevailing market conditions. Among the factors that will be considered in determining whether a member organization has used "reasonable diligence" are:

(A) the character of the market for the security, e.g., price, volatility, relative liquidity, and pressure on available communications;

(B) the size and type of transaction;

(C) the number of markets checked;

(D) accessibility of the quotation; and

(E) the terms and conditions of the order which result in the transaction, as communicated to the member organization and persons associated with the member organization.

(2) In any transaction for or with a customer or a customer of another broker-dealer, no member organization or person associated with a member organization shall interject a third party between the member organization and the best market for the subject security in a manner inconsistent with paragraph (a)(1) of this Rule.

(b) When a member organization cannot execute directly with a market maker but must employ a broker's broker or some other means in order to insure an execution advantageous to the customer, the burden of showing the acceptable circumstances for doing so is on the retail firm. Examples of acceptable circumstances are where a customer's order is "crossed" with another retail firm which has a corresponding order on the other side, or where the identity of the retail firm, if known, would likely cause undue price movements adversely affecting the cost or proceeds to the customer.

(c) Failure to maintain or adequately staff a department assigned to execute customers' orders cannot be considered justification for executing away from the best available market; nor can channeling orders through a third party as described above as reciprocation for service or business operate to relieve a member organization of its

obligations. However, the channeling of customers' orders through a broker's broker or third party pursuant to established correspondent relationships under which executions are confirmed directly to the member organization acting as agent for the customer, such as where the third party gives up the name of the retail firm, are not prohibited if the cost of such service is not borne by the customer.

(d) A member organization through whom a retail order is channeled, as described above, and who knowingly is a party to an arrangement whereby the initiating member organization has not fulfilled its obligations under this Rule, will also be deemed to have violated this Rule.

(e) The obligations described in paragraphs (a) through (d) above exist not only where the member organization acts as agent for the account of its customer but also where retail transactions are executed as principal and contemporaneously offset.

••• Supplementary Material:

Paragraph (a) requires, among other things, that a member organization or person associated with a member organization comply with paragraph (a) when customer orders are routed to it from another broker/dealer for execution. This Supplementary Material addresses certain interpretive questions concerning the applicability of the best execution rule.

.01 Definition of "Market."

For the purposes of this Rule and the accompanying Supplemental Material, the term "market" or "markets" is to be construed broadly, and it encompasses a variety of different venues, including, but not limited to, market centers that are trading a particular security. This expansive interpretation is meant to both inform broker-dealers as to the breadth of the scope of venues that must be considered in the furtherance of their best execution obligations and to promote fair competition among broker-dealers, exchange markets, and markets other than exchange markets, as well as any other venue that may emerge, by not mandating that certain trading venues have less relevance than others in the course of determining a firm's best execution obligations.

.02 Best Execution and Executing Brokers.

A member organization's duty to provide best execution in any transaction "for or with a customer of another broker-dealer" does not apply in instances when another broker-dealer is simply executing a customer order against the member organization's quote. Stated in another manner, the duty to provide best execution to customer orders received from other broker-dealers arises only when an order is routed from the broker-dealer to the member organization for the purpose of order handling and execution. This clarification is intended to draw a distinction between those situations in which the member organization is acting solely as the buyer or seller in connection with orders presented by a broker-dealer against the member organization's quote, as opposed to those circumstances in which the member organization is accepting order flow from another broker-dealer for the purpose of facilitating the handling and execution of such orders.

.03 Customer Instructions Regarding Order Handling.

If a member organization receives an unsolicited instruction from a customer to route that customer's order to a particular market for execution, the member organization is not required to make a best execution determination beyond the customer's specific instruction. Member organizations are, however, still required to process that customer's order promptly and in accordance with the terms of the order. Where a customer has directed that an order be routed to another specific broker-dealer that is also a member organization, the receiving broker-dealer to which the order was directed would be required to meet the requirements of Rule 5310 with respect to its handling of the order.

Rule 5320. Prohibition Against Trading Ahead of Customer Orders
