



NYSE Regulation
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NYSE RM-26-02
NYSE American RM-26-02
NYSE American Options RM-26-02
NYSE Arca RM-26-02
NYSE Arca Options RM-26-02
NYSE National RM-26-02
NYSE Texas RM-26-02

TO: New York Stock Exchange LLC Members and Member Organizations
NYSE American LLC Members, Member Organizations, and ATP Holders
NYSE Arca, Inc. ETP Holders, OTP Holders, and OTP Firms
NYSE National, Inc. ETP Holders
NYSE Texas, Inc. Participants and Participant Firms

FROM: NYSE Regulation

RE: Broker-Dealer Member Annual Compliance Memo

DATE: January 26, 2026

Each year, NYSE Regulation issues an annual memo to recap recent regulatory guidance, highlight certain regulatory developments, and compile resources that may be useful to the compliance efforts of broker-dealer members of the New York Stock Exchange LLC, NYSE American LLC, NYSE Arca, Inc., NYSE National, Inc., and NYSE Texas, Inc. (the “Exchanges”). This memo is part of a series of regulatory memos intended to assist members in satisfying their regulatory obligations.

NYSE Regulation encourages members to provide a copy of this memo to appropriate personnel and advisers who handle matters related to their membership on the Exchanges and/or their compliance with the federal securities laws and rules of the Exchanges. Members and their employees should be knowledgeable of and adhere to all applicable requirements, including supervisory responsibilities.

Members are strongly encouraged to subscribe to [email updates from the Exchanges](#) (which include published guidance issued by NYSE Regulation). Questions for NYSE Regulation may be sent to nyse-regulation@nyse.com.

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A. Frequently Used Resources

Materials relevant to members' compliance efforts are located at the [NYSE Regulation Homepage](#). NYSE Regulation directs your attention to the following frequently used sites.

Exchange Membership Homepages	https://www.nyse.com/trade
Managing Email Updates from the Exchange	https://www.nyse.com/subscriptions
NYSE Regulation Guidance	https://www.nyse.com/regulation/rule-interpretations
Market Notices, including Trader Updates	https://www.nyse.com/markets/notices
Exchange Rules	https://www.nyse.com/regulation/rules (Rules for each Exchange are listed separately)
Other Rule Filings Incorporated by Reference	https://www.nyse.com/regulation/rules/other
Exchange Rule Filings with the U.S. Securities and Exchange Commission ("SEC")	https://www.nyse.com/regulation/rule-filings
NYSE Regulation Disciplinary Actions	https://www.nyse.com/regulation/disciplinary-actions
NYSE Regulation Complaints and Inquiries Portal	https://www.nyse.com/regulation/complaints-and-inquiries
Short Selling and Regulation SHO Resource Guide & Threshold Securities	https://www.nyse.com/publicdocs/nyse/regulation/nyse/Short Selling and Reg SHO Resource Guide.pdf https://www.nyse.com/regulation/regulation-sho
Trading Halts	https://www.nyse.com/trade-halt
Noncompliant Issuers	https://www.nyse.com/regulation/noncompliant-issuers
Delisting Actions	https://www.nyse.com/regulation/delistings

B. Recap of Certain 2025 Regulatory Guidance

NYSE Regulation periodically issues guidance intended to assist members in designing their compliance and supervisory programs to satisfy regulatory obligations, including the rules of the Exchanges. All regulatory guidance can be found [here](#) and NYSE Regulation encourages all members to review the regulatory memos applicable to the types of business in which the member engages and the activities of its associated persons.

NYSE Regulation also calls members' attention to certain regulatory memos issued in 2025.

Title	Date	Description	Links
Floor Broker Obligations Regarding Market Looks	Jan. 27, 2025	Reminds NYSE Floor Brokers of their obligations relating to the provision of information to customers about buying and selling interest in the market ("Market Looks").	NYSE RM-25-03
Options Floor Broker Use of Error Accounts	Feb. 4, 2025	Reminds options Floor Brokers of their obligations relating to the use of their error accounts and provides additional guidance as to the definition of "bona fide error" in connection with NYSE American Rule 933NY(f) and NYSE Arca Rule 6.46-0(g). <i>See discussion in Section G.</i>	NYSE American Options RM-25-04 NYSE Arca Options RM-25-04
Customer Cross ("C2C") And Complex Customer Cross ("Complex C2C") Orders	Mar. 6, 2025	Reminds NYSE American and NYSE Arca members of the permissible use of C2C and Complex C2C Orders. <i>See discussion in Section H.</i>	NYSE American Options RM-25-05 NYSE Arca Options RM-25-05
Disclosure of Accounts by Registered Market Makers	Mar. 19, 2025	Reminds members acting as a market maker in certain securities of the requirement to file and keep current a list identifying accounts for trading certain assets underlying or related to those securities.	NYSE RM-25-04 NYSE American RM-25-03 NYSE Arca RM-25-03 NYSE National RM-25-03
Breaking Up Complex Options Orders	May 29, 2025	Discusses the circumstances in which breaking up Complex Options Orders (<i>i.e.</i> , multileg options orders, including stock options orders) may be violative of applicable NYSE American and NYSE Arca rules.	NYSE American Options RM-25-06 NYSE Arca Options RM-25-06

Title	Date	Description	Links
Order Splitting, Order Shredding, or Order Unbundling	Aug. 29, 2025	Reminds NYSE American and NYSE Arca members that Exchange rules explicitly prohibit splitting, shredding, unbundling, or otherwise dividing up orders for improper purposes. <i>See discussion in Section F.</i>	NYSE American Options RM-25-07 NYSE Arca Options RM-25-07
Disclosure of Accounts By Registered Market Makers	Sept. 3, 2025	Notifies members that anyone acting as a market maker in certain securities is required to file with the relevant Exchange as well as keep current a list identifying accounts for trading certain assets underlying or related to those securities.	NYSE RM-25-08 NYSE American RM-25-06 NYSE Arca RM-25-06 NYSE National RM-25-06
Anticipatory Hedging and Front Running of Orders Routed to the Floor and Order Announcement Requirements	Sept. 03, 2025	Reminds NYSE American and NYSE Arca members of their obligations concerning the execution of trades for their accounts while in possession of information about the terms and conditions of an order in the same or a related security, and of the requirements concerning the handling and announcement of orders routed to the Floor.	NYSE American Options RM-25-08 NYSE Arca Options RM-25-08
Rule 4530 Self-Reporting Obligations For Members	Sept. 17, 2025	Reminds members of their self-reporting obligations under Rule 4530 and notifies members of recent amendments and changes to Rule 4530, including the adoption of certain reporting obligations.	NYSE RM-25-11 NYSE American RM-25-08 NYSE American Options RM-25-09 NYSE Arca RM-25-08 NYSE Arca Options RM-25-09 NYSE National RM-25-08 NYSE Texas RM-25-06
Round Lot Definition Change -- Impact on Market Makers	Nov. 3, 2025	Discusses SEC amendment to Rule 600 of Regulation NMS and alignment to Exchange rules.	NYSE RM-25-12 NYSE American RM-25-09 NYSE Arca RM-25-09 NYSE National RM-25-09 NYSE Texas RM-25-07

Members are reminded that, when seeking interpretive guidance (or confirmation of available guidance) from NYSE Regulation, staff can only provide guidance on matters that raise questions of interpretation under the Exchanges' rules. Staff responses, if any, only address the issues raised based on the facts described in a request and do not necessarily address any other rule or interpretation of the Exchanges or all the possible regulatory and legal issues involved.

NYSE Regulation generally expects the individual requesters to disclose their identities (and the identities of any clients on whose behalf they are seeking guidance, if applicable). Further, NYSE Regulation does not provide responses to interpretive requests that: relate to an examination or disciplinary action; seek interpretive advice on specific activities or conduct that has already occurred; or request assurances that NYSE Regulation will not take enforcement action under specified circumstances.

Finally, it is important to note that, because of the informal and undocumented nature of phone inquiries, oral responses cannot be relied upon by the member or its counsel as legal advice or formal positions of NYSE Regulation or its staff. Requesters may need to consult their own legal counsel depending on the nature of their request, as well as the facts and circumstances surrounding the request.

C. Conversion of NYSE Chicago, Inc. to NYSE Texas, Inc.

Effective March 28, 2025, NYSE Chicago, Inc. converted to a Texas corporation and changed its name to NYSE Texas, Inc. NYSE Texas is a fully electronic exchange that currently supports dual listings for companies, and primary and dual listings for ETPs. In the near term, NYSE Texas will provide a primary listing venue for companies globally.

Although the initial change did not substantively impact NYSE Chicago, Inc.'s existing rules or obligations and requirements under its governing documents or federal law, NYSE Texas has since adopted a number of changes to its rules. Existing and prospective members are encouraged to review the specific rule changes, which may be found [here](#) on the NYSE Regulation website.

D. Creation of Limited Underwriting Membership

Effective April 17 and July 15, 2025, respectively, NYSE and NYSE American adopted NYSE Rule 310 and NYSE American Rule 310, creating a new category of market participant known as a Limited Underwriting Member. Limited Underwriting Members are granted access to the Exchanges solely for the purpose of performing underwriting activity as principal underwriters. A company's principal underwriter must be either a broker-dealer member or a Limited Underwriting Member of the applicable Exchange in order to proceed with an initial public offering.

To be eligible to become a Limited Underwriting Member, an applicant must be a registered broker or dealer that is a FINRA member in good standing with a disciplinary history acceptable to the Exchange.¹ When assessing an applicant's disciplinary history, the Exchanges must "examine the prospective applicant's relevant regulatory history, which would include an assessment of any open or ongoing disciplinary or other regulatory matters by FINRA, the Commission or any other regulator."²

¹ See Rule 310(a)(i) and Rule 310(c)(2). Prospective applicants are encouraged to confirm their proposed role in the public offering aligns with their FINRA membership agreement and approved activities. The associated persons responsible for a prospective applicant's underwriting activities also must be properly qualified and registered under FINRA rules. See FINRA Rules 1220(a)(5) and 1210.

² Release No. 34-102877 at n. 11; Release No. 34-103462 at n.11.

Once approved, a Limited Underwriting Member may act as a principal underwriter of any underwritten initial public offering in connection with a company seeking to list on NYSE or NYSE American. Limited Underwriting Members and their associated persons are also subject to the Exchanges' jurisdiction for purposes of Rule 310 and the rules enumerated therein.³

NYSE Regulation encourages prospective applicants and members to review NYSE Rule 310 and NYSE American Rule 310 for additional information.

E. Guidance Related to Pre-Trade Risk Controls

On August 6, 2025, NYSE issued a trader alert informing NYSE Floor Brokers that, effective August 29, 2025, NYSE Pillar Pre-Trade Risk Controls would no longer be available to Floor Brokers for orders entered by the Floor Broker when using another member's market participant identification number ("MPID").⁴ Floor Brokers retain the ability to set risk controls for orders using their own MPID via Pillar Pre-trade Risk Controls and/or to use third party pre-trade risk control applications for orders entered using another member's MPID.

Pursuant to SEC Rule 15c3-5 (the "Market Access Rule"), broker-dealers with access to trading on an exchange are required to establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to manage financial, regulatory, and other risks of this business activity.⁵ A broker-dealer's risk management controls and supervisory procedures must be reasonably designed to:

- 1) prevent the entry of orders that exceed appropriate pre-set credit or capital thresholds in the aggregate for each customer and the broker or dealer;
- 2) prevent the entry of erroneous orders, by rejecting orders that exceed appropriate price or size parameters; and
- 3) assure compliance with all regulatory requirements that are applicable in connection with market access (including post-trade controls to monitor for manipulation, fraud, and other illegal activity).

This obligation applies to Floor Brokers when providing access to the NYSE Exchanges,⁶ irrespective of whether the order or execution bears the MPID of another exchange member.

NYSE Regulation reminds members that NYSE Pillar risk controls are intended to be supplemental to the firm's internal monitoring and procedures related to risk management and are not designed to be a firm's sole means of risk control.⁷ Use of NYSE Pillar risk controls does not automatically constitute compliance with the rules of the NYSE Exchanges or federal securities laws, including but

³ Jurisdiction subjects Limited Underwriting Members to, among other things, routine examinations and surveillance (and when warranted, investigations and enforcement) conducted by the Exchanges in order to monitor compliance with Exchange rules and applicable federal securities laws.

⁴ See August 6, 2025 [Announcements](#).

⁵ See Rule 15c3-5(b); Market Access Rule Adopting Release, 75 FR at 69792.

⁶ See, e.g., Responses to Frequently Asked Questions Concerning Risk Management Controls for Brokers or Dealers with Market Access, Securities and Exchange Commission Division of Trading and Markets (April 15, 2014), FAQ #3 ("Rule 15c3-5 applies only to the broker dealer with access, or providing access, to an exchange or ATS").

⁷ See [NYSE Pillar Risk Controls](#), Section 2.

not limited to the Market Access Rule, and therefore members should not solely rely on the NYSE Pillar risk controls.⁸

Members should regularly assess their risk management controls and supervisory procedures, including the use of any third-party algorithms or risk management technology, to ensure compliance with the Market Access Rule.⁹

F. Guidance Related to Order Splitting, Order Shredding and Order Unbundling

On August 29, 2025, NYSE Regulation reminded members and their associated persons that the rules of NYSE American and NYSE Arca explicitly prohibit splitting, shredding, or unbundling orders (“order splitting”) for improper purposes.

Specifically, NYSE American and NYSE Arca rules prohibit order splitting in a price improvement auction for the purposes of preventing other market participants from interacting with the orders and increasing the capture of orders by affiliates. NYSE American and NYSE Arca rules additionally prohibit order splitting for any purpose other than seeking best execution of the entire order. Members must adhere to just and equitable principles of trade and principles of good business practice, and maintain reasonable supervisory systems and written supervisory procedures, in connection with order splitting.

NYSE Regulation will, when warranted, investigate the circumstances and results of order splitting. Among other factors, NYSE Regulation will consider:

- any benefits that accrue as a result of order splitting;
- whether the split order was routed to an affiliated market maker;
- whether the order was split into sizes designed to take advantage of small order preferences; and
- any contemporaneous evidence of the purpose of the splitting.

NYSE Regulation may also investigate the reasonableness of supervisory systems and written supervisory procedures in connection with order splitting activity.

Additional information related to order splitting may be found [here](#).

G. Guidance Related to the Use of Error Accounts

On February 4, 2025, NYSE Regulation reminded options Floor Brokers of, among other things, their obligations relating to the use of their error accounts.

With regard to equities trading, and the use of Floor error accounts, NYSE Regulation reminds members that NYSE Rule 134 permits NYSE Floor Brokers and member organizations to maintain only one NYSE error account for the resolution of legitimate errors (and the trades that offset such errors) related to transactions executed on the Exchange Floor. No other activity is allowed to take place in the Floor error account. For example, a member firm approved to conduct Blue Line

⁸ See *id.*

⁹ See, e.g., [NYSE RM-22-05](#) (Pre-Trade Obligations Under the Market Access Rule & Related Exchange Supervisory Rules) (Mar. 16, 2022), [NYSE RM-23-11](#) (Floor Broker Obligations Regarding Credit Limits Under the Market Access Rule) (Oct. 16, 2023), and [NYSE RM-23-12](#) (Allocation of Certain Obligations Under the Market Access Rule) (Nov. 1, 2023).

business pursuant to Rule 70.40 cannot process errors related to transactions on another market in its NYSE error account.

NYSE Rule 134 codifies categories of recognized, legitimate trading errors that may be processed in a Floor error account, including mistakes in executing an order and failures to execute an order. Specifically, NYSE Rule 134(g) addresses situations in which a broker executes an order outside of the customer instructions and includes the execution of a held or not held order (i) in the wrong security, (ii) on the wrong side of the market, (iii) at a price outside of the price instructions, (iv) that over buys or over sells the size instructions, or (v) that duplicates an execution.

NYSE Rule 134(h) addresses situations in which a Floor Broker “misses the market”, which means the broker failed to execute an order when market conditions permitted. Rule 134(h) also permits use of Floor Broker error accounts to cover both held and not held orders that were not executed in whole or in part, due to the order being lost or misplaced, or as the result of a system malfunction (meaning failure of physical equipment, devices and/or programming employed by the Floor Broker or otherwise provided by the Exchange and used in the execution of orders).

Additional information related to Floor error accounts may be found [here](#), and all Floor Brokers and members should consult NYSE Rule 134 and [Information Memo 07-72](#) for additional information on what constitutes approved use of Floor error accounts.

H. Guidance Related to Customer Cross and Complex Customer Cross Orders

On March 6, 2025, NYSE Regulation reminded NYSE American ATP Holders, NYSE Arca OTP Firms and NYSE Arca OTP Holders of the permissible use of the Customer Cross (“C2C”) and Complex Customer Cross (“Complex C2C”) order functionality on NYSE Pillar. Specifically, C2C and Complex C2C Orders only allow for the crossing of a Customer order to buy and a Customer order to sell the same option contract at the same price and for the same quantity on behalf of individuals or organizations that are not Professional Customers, Market Makers or Brokers/Dealers.¹⁰

NYSE Regulation reminds NYSE American ATP Holders, NYSE Arca OTP Firms and NYSE Arca OTP Holders that orders executed pursuant to the C2C and Complex C2C functionality must meet the permissible use criteria at entry and after any post-execution modification, allocation or adjustment. For example, a member may not use the C2C cross mechanism to execute Customer orders and then allocate a portion of the contracts received to a Professional Customer, Market Maker or Broker-Dealer.

Subsequent changes or modifications that render an order ineligible for use of the C2C or Complex C2C functionality may also result in violations of other Exchange rules, including but not limited to rules relating to order exposure, books and records and supervision.¹¹

Additional information related to C2C and Complex C2C may be found [here](#).

¹⁰ See NYSE American Rule 900.3NYP(g)(2) and NYSE Arca Rule 6.62P-0(g)(2). The capitalized term “Customer” means an individual or organization that is not a Broker/Dealer. See NYSE American Rule 900.2NY and NYSE Arca Rule 1.1.

¹¹ See, e.g., NYSE American Rule 935NY and NYSE Arca Rule 6.47A-O; NYSE American Rule 955NY and NYSE Arca Rule 6.67-O; NYSE American Rule 956NY and NYSE Arca Rule 6.68-O; NYSE American Rule 320(e) and NYSE Arca Rule 11.18.

I. Recent Exchange Rule Changes

Through filings made with the SEC, the Exchanges adopted certain changes to their rules in 2025. Information concerning specific rule changes may be found on the [NYSE Regulation website](#).

NYSE Regulation also calls members' attention to the following filings:

- Proposed change to conform with recent amendment to the definition of round lot under Regulation NMS (SR-NYSE-2025-38, SR-NYSEAMER-2025-67, SR-NYSEARCA-2025-81, SR-NYSENAT-2025-25, SR-NYSETEX-2025-36)
- Proposed change to permit the displayed quantity of a Reserve Order to be entered in a mixed lot sized quantity (SR-NYSE-2025-31, SR-NYSEAMER-2025-56, SR-NYSEARCA-2025-64, SR-NYSENAT-2025-20, SR-NYSETEX-2025-29)
- Amendment of Commentary .03 to Rule 7.19 regarding the availability of pre-trade risk controls to Floor Brokers (SR-NYSE-2025-07)
- Conversion of NYSE Chicago to NYSE Texas (SR-NYSECHX-2025-01)
- Adoption of NYSE Rule 4530 on various exchanges (SR-NYSEARCA-2025-36, SR-NYSENAT-2025-12, SR-NYSETEX-2025-02)
- Creation of limited underwriting membership category (SR-NYSE-2025-14, SR-NYSEAMER-2025-40)
- Amendments to permit options on Commodity-Based Trust Shares (SR-NYSEAMER-2025-07, SR-NYSEARCA-2025-16)
- Order routing to away markets that are not displaying protected quotations (SR-NYSE-2025-30, SR-NYSEAMER-2025-49)
- Change in criteria for listing options exchange-traded fund shares (SR-NYSEAMER-2025-31, SR-NYSEARCA-2025-41)
- Auction imbalance information and related conforming changes (SR-NYSEAMER-2025-52, SR-NYSEARCA-2025-67, SR-NYSETEX-2025-31)
- Calculation of Auction Reference Price (SR-NYSE-2025-28, SR-NYSEAMER-2025-47, SR-NYSEARCA-2025-60, SR-NYSE-TEX-2025-24)

J. Summary of Member Exam Findings

Members and their associated persons are subject to a comprehensive regulatory program that includes, among other things, routine examinations designed to monitor compliance with Exchange rules and the federal securities laws.¹² To assist members in identifying areas of potential risk, NYSE Regulation is providing a non-exclusive list of 2025 examination findings:

- Registrations and qualifications;
- Disclosure and review of employees' outside brokerage accounts;

¹² Examinations are conducted by FINRA on behalf of the Exchanges pursuant to a regulatory services agreement, national market system plans, or other arrangements. Exam findings may have resulted in no action, informal action, or referrals to FINRA, NYSE Regulation or other regulatory or enforcement authorities.

- Order marking; and
- Supervisory systems and written supervisory procedures related to the areas noted above as well as, among others: trade reporting; origin or capacity codes; use of trading algorithms and post-trade reviews related thereto; delivery of prospectuses and proxy materials; market access; and books and records.

K. Summary of Member Disciplinary Actions

NYSE Regulation has identified certain areas in which member conduct fell below applicable standards in Exchange rules or the federal securities laws warranting disciplinary action. To assist members in identifying areas of potential risk, NYSE Regulation is providing a non-exclusive list of such areas:¹³

- Market access obligations
- Off-floor position transfers
- Post-trade review obligations
- Improper information sharing
- Order exposure obligations
- Order marking compliance
- Business conduct
- Books and records failures
- Supervisory failures

Members are reminded that these areas of potential risk may implicate multiple rule violations across the Exchanges. Formal settlements and complaints are public and may be found [here](#). Members are encouraged to review recent disciplinary actions for additional insights.

L. Complaints and Inquiries Portal

NYSE Regulation welcomes information from investors and others who believe that an Exchange member or individual broker may have violated the federal securities laws or rules of the Exchanges. Such information or related inquiries may be submitted at <https://www.nyse.com/regulation/complaints-and-inquiries>.

Please note that it is NYSE Regulation's general policy not to publicly disclose information concerning the existence, subject matter, or status of any investigation or internal review it conducts.

¹³ Matters related to these topics were resolved with cautionary action letters, citations issued under the Exchanges' Minor Rule Violation plans, referrals to other regulators, formal settlements, and expedited proceedings.