

the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B)<sup>16</sup> of the Act to determine whether the proposed rule change should be approved or disapproved.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

##### Electronic Comments

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include file number SR-NYSE-2024-56 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-2024-56. 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 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 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 a.m. and 3 p.m. Copies of the filing also 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-2024-56 and should be submitted on or before October 15, 2024.

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

**Vanessa A. Countryman,**  
Secretary.

[FR Doc. 2024-21624 Filed 9-20-24; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-101052; File No. SR-FINRA-2024-015]

### Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Form U4 and FINRA Rule 3110.19(d) (Obligation To Provide List of RSLs to FINRA) for New RSL Question

September 17, 2024.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on September 13, 2024, the Financial Industry Regulatory Authority, Inc. ("FINRA") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by FINRA. FINRA has designated the proposed rule change as constituting a "non-controversial" rule change under paragraph (f)(6) of Rule 19b-4 under the Act,<sup>3</sup> which renders the proposal effective upon receipt of this filing by the Commission. 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

FINRA is proposing to (1) amend Section 1 (General Information) of the Uniform Application for Securities Industry Registration or Transfer ("Form U4") to add a new question eliciting information to identify locations as residential supervisory locations ("RSLs"); (2) amend FINRA Rule 3110.19(d) (Obligation to Provide List of RSLs to FINRA) to remove the reference to a list of RSLs and the quarterly

timeframe for member firms to provide the list to FINRA and replace it with the requirement that member firms provide current information identifying all locations designated as RSLs in the frequency, manner and format as FINRA may prescribe; and (3) make conforming changes to Section 6 (Registration Requests with Affiliated Firms) of the Form U4 and amend the Form U4 Instructions to account for the new question soliciting RSL information ("RSL Question").

The text of the proposed rule change is available on FINRA's website at <http://www.finra.org>, at the principal office of FINRA 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, FINRA 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 these statements may be examined at the places specified in Item IV below. FINRA has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

###### 1. Purpose

Proposed Amendment to Section 1 (General Information) of Form U4 To Add a New RSL Question

Effective June 1, 2024, FINRA Rule 3110.19 permits a member firm to designate a private residence at which an associated person engages in specified supervisory activities, subject to certain safeguards and limitations, as an RSL, a non-registered location.<sup>4</sup>

Currently, Rule 3110.19(d) requires a member firm that elects to designate any of its offices or locations as an RSL to provide FINRA with a current list of those offices or locations by the 15th day of the month following each calendar quarter in the manner and format (*e.g.*, through an electronic process or such other process) as FINRA may prescribe.<sup>5</sup> As part of FINRA's

<sup>4</sup> See Securities Exchange Act Release No. 98980 (November 17, 2023), 88 FR 82447 (November 24, 2023) (Notice of Filing of Amendment No. 2 and Order Granting Accelerated Approval of File No. SR-FINRA-2023-006); see also *Regulatory Notice* 24-02 (January 2024).

<sup>5</sup> See *supra* note 4.

<sup>17</sup> 17 CFR 200.30-3(a)(12).

<sup>15</sup> U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 17 CFR 240.19b-4(f)(6).

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

proposal to adopt Rule 3110.19, FINRA committed to exploring ways for member firms to provide information identifying their RSLs to FINRA and other securities regulators in an efficient and timely manner, including by identifying RSLs to the Central Registration Depository (“CRD<sup>®</sup>”) using FINRA Gateway<sup>6</sup> as a possible option.<sup>7</sup> In general, commenters to the proposal suggested that FINRA consider leveraging the CRD system to identify and track RSLs,<sup>8</sup> and FINRA received similar suggestions from engagement with members of its advisory committees and other interested parties. Noted benefits of this approach included an increase in the timeliness and accuracy of the RSL information and enhanced efficiency of providing the information to FINRA in an automated fashion rather than manually created lists of RSLs.

Following a thorough review of the various options for member firms to identify their RSLs to FINRA, and in consideration of the comment letters submitted to the SEC in connection with the proposal to adopt Rule 3110.19 and other feedback FINRA has received, FINRA has determined that amending Form U4 to add the proposed new RSL Question would be the most appropriate manner for member firms to indicate a non-registered location that is identified on Form U4 a private residence is an RSL by responding “Yes” or “No.” Therefore, FINRA is prescribing that member firms must comply with Rule

3110.19(d), as proposed to be amended, by submitting such information to FINRA via the proposed RSL Question on Form U4.

As noted, the CRD system includes information reported on the uniform registration forms that member firms and regulatory authorities complete and maintain as part of the securities industry registration and licensing process.<sup>9</sup> Member firms use Form U4 to register associated persons with FINRA, other self-regulatory organizations (“SROs”), and jurisdictions as appropriate.<sup>10</sup> The Form U4 elicits registration information, which consists of, among other things, administrative, employment, criminal, regulatory, customer complaint, and financial information about associated persons.<sup>11</sup> The administrative information elicited on Form U4 includes work and residential location information about a member firm’s associated persons, including the offices and locations (registered and unregistered) to which those persons are assigned.<sup>12</sup>

FINRA believes that the most efficient, timely, and useful means for member firms to provide information identifying RSLs to FINRA is through the Form U4. Because member firms currently provide work and residential information about their associated persons through the Form U4 and keep such information up-to-date on an ongoing basis, FINRA believes that the proposed RSL Question on Form U4 would leverage existing processes to access and update Form U4 information to the CRD system and provide member firms with a uniform way to submit information to identify their RSLs in a manner with which they are familiar. FINRA believes that prescribing the Form U4 as the method of providing information identifying RSLs to FINRA would also allow member firms using FINRA’s API Platform to respond to the proposed RSL Question for multiple locations simultaneously through an efficient machine-to-machine upload process.<sup>13</sup> In addition, the RSL information would be readily accessible to securities regulators because it would be available in the CRD system, which FINRA, state, and other regulatory

authorities use in connection with their licensing and regulatory activities.<sup>14</sup>

For these reasons, FINRA is proposing to amend Section 1 (General Information) of the Form U4 to add a RSL Question that, when a member firm has indicated that an associated person’s office of employment address is a non-registered location that is identified on Form U4 as a private residence, would ask, “Is this Office of Employment address an RSL?” and prompt the member firm to answer either “Yes” or “No.” The proposed RSL Question would also state that if “Yes” is selected to the RSL Question, the member firm confirms that the location is designated as an RSL as defined in FINRA Rule 3110.<sup>15</sup> While FINRA acknowledges that the RSL reporting process would result in a slight extension of the previously announced October 15, 2024 initial RSL reporting deadline, FINRA believes the later reporting start date would ultimately result in a more timely and efficient process going forward that would yield many benefits that promote investor protection and are in the public interest. As noted above, FINRA believes that by changing the RSL reporting mechanism to the Form U4 rather than a quarterly list, the proposed rule change would: (1) leverage existing reporting processes to increase the timeliness and accuracy of RSL information; (2) enhance the efficiency of providing RSL information to FINRA in an automated fashion; and (3) make the RSL information more readily accessible to securities regulators.

#### Proposed Amendment to Rule 3110.19(d)

Currently, Rule 3110.19(d) provides that a member firm that elects to designate any of its offices or locations as an RSL is required to provide FINRA

<sup>14</sup> The reporting of RSL designations to the CRD system through the Form U4 would allow FINRA and other securities regulators to easily use the information for regulatory purposes. RSL data would be fully integrated into the existing customizable reporting capability available to securities regulators and would allow, for example, a state securities regulator to generate reports of the designated RSLs in its state by various criteria such as city or zip code. The creation of such custom reports would not be possible if, for example, member firms provided RSL information to FINRA in a Portable Document Format (“PDF”) document.

<sup>15</sup> Complete and accurate reporting on Form U4 is the joint responsibility of the member firm and the associated person. By identifying a location or office as an RSL on Form U4, however, the member firm is confirming the location or office is an RSL as defined in Rule 3110. As such, the member firm is confirming that the requirements set forth in Rule 3110.19 have been met for designation of the RSL (e.g., the firm has conducted a risk assessment prior to designating the office or location as an RSL as set forth in Rule 3110.19(e)).

<sup>6</sup> FINRA Gateway is an electronic compliance portal designed to streamline the compliance and reporting experience for member firms and provide consolidated access to, among other things, uniform registration forms, which includes Form U4 (“FINRA Gateway”). See <https://www.finra.org/filing-reporting/finra-gateway>. Member firms use FINRA Gateway or other platforms to file both initial and amendments to Form U4 in the CRD system, the central licensing and registration system used by the U.S. securities industry and its regulators. In general, the CRD system includes information reported on the uniform registration forms that member firms and regulatory authorities complete and maintain as part of the securities industry registration and licensing process. FINRA, state, and other regulatory authorities use the information in the CRD system in connection with their licensing and regulatory activities.

<sup>7</sup> See Letter from Kosha Dalal, Vice President and Associate General Counsel, FINRA, to Vanessa Countryman, Secretary, SEC, dated September 14, 2023, <https://www.finra.org/sites/default/files/2023-09/FINRA-2023-006-Response-to-Comments-09-14-2023.pdf>.

<sup>8</sup> See, e.g., Letter from David T. Bellaire, Executive Vice President & General Counsel, Financial Services Institute, to Secretary, SEC, dated April 27, 2023, <https://www.sec.gov/comments/sr-finra-2023-006/srfinra2023006-20165189-334506.pdf>; Letter from Andrew Hartnett, NASAA President and Deputy Commissioner, Iowa Insurance Division, to Sherry R. Haywood, Assistant Secretary, SEC, dated April 27, 2023, <https://www.sec.gov/comments/sr-finra-2023-006/srfinra2023006-20165163-334468.pdf>.

<sup>9</sup> See *supra* note 6.

<sup>10</sup> See Form U4, Sections 4 (SRO Registrations) and 5 (Jurisdiction Registrations) for available registrations.

<sup>11</sup> See Form U4.

<sup>12</sup> See Form U4, Sections 1 (General Information), 6 (Registration Requests with Affiliated Firms), and 11 (Residential History).

<sup>13</sup> FINRA’s API Platform is an application programming interface that allows subscribers to make automated data transfers with FINRA.

with a list of the RSLs by the 15th day of the month following each calendar quarter in the manner and format (e.g., through an electronic process or such other process) as FINRA may prescribe. However, the FINRA By-Laws impose a 30-day timeframe upon firms to keep Form U4 current at all times, and because the proposed RSL Question would be part of the Form U4, the 30-day updating requirement makes unnecessary the quarterly timeframe for firms to provide FINRA a list of RSLs as currently required under Rule 3110.19(d). As such, FINRA is proposing to make a conforming change to Rule 3110.19(d) to replace the requirement for member firms to provide to FINRA a quarterly list of RSLs in the manner and format prescribed by FINRA with the requirement for member firms to provide to FINRA current information identifying their RSLs in the frequency, manner and format prescribed.<sup>16</sup>

Under the proposed rule change, the requirement for member firms to provide a list of RSLs to FINRA would no longer be necessary since they would be reporting information identifying their RSLs via Form U4 and such information would be available to FINRA in the CRD system. Because FINRA and other securities regulators have access to the information in the CRD system in connection with their licensing and regulatory activities, they would be able to view the most current information about a member firm's RSLs at any time. Accordingly, this proposed amendment to remove the quarterly RSL list requirement is appropriate to align with the proposed amendment to Form U4 to include the RSL Question.

Also, in light of the proposed amendment to Form U4 to include the RSL Question, the quarterly timeframe currently provided in Rule 3110.19(d) does not align with the timing requirements for Form U4 amendments. Therefore, the proposed rule change would conform the timeframe pursuant to which member firms would be required to provide to FINRA information identifying their RSLs by removing the reference to the quarterly basis currently set forth in Rule 3110.19(d). Under the FINRA By-Laws, member firms and associated persons have a continuing obligation to ensure that a Form U4 is timely updated when

an event or proceeding occurs that renders a prior response on the form inaccurate or incomplete; specifically, not later than 30 days after learning of the facts and circumstances giving rise to the change.<sup>17</sup>

While FINRA acknowledges that the RSL reporting process would result in a slight extension of the previously announced October 15, 2024 initial RSL reporting deadline to December 26, 2024, FINRA believes that, under most circumstances, the reporting of RSL designations via the Form U4 would provide FINRA and other securities regulators this information on a more timely basis than the quarterly cadence currently set forth under Rule 3110.19(d) and would make the information more readily accessible to FINRA and other securities regulators.<sup>18</sup> In this regard, the locations or offices that member firms have designated as RSLs would be reported to FINRA on a rolling basis, consistent with the requirements to keep information current on the Form U4, rather than only four times per year. As a result, FINRA and other securities regulators may receive more current information going forward for use in connection with their licensing and regulatory activities than they would have received if the RSL information was first provided through a quarterly RSL list on October 15, 2024, as previously announced in *Regulatory Notice* 24–02. FINRA believes that, on balance, the slight extension in the deadline for initial RSL reporting would be offset by the benefits from the efficiencies and timeliness resulting from the use of the ongoing reporting processes associated with Form U4 reporting.<sup>19</sup>

#### Other Proposed Conforming Amendments

FINRA is proposing to add the same RSL Question in Section 1 (General Information) to Section 6 (Registration Requests with Affiliated Firms) of Form U4. Section 6 (Registration Requests with Affiliated Firms) of the Form U4 is similar to Section 1 (General Information) and is used by a member firm to request registration for an associated person with an affiliate of the

member firm. As in Section 1 (General Information), the RSL Question in Section 6 (Registration Requests with Affiliated Firms) would also prompt the member firm, when it has indicated that an associated person's office of employment address is a non-registered location that is identified on Form U4 as a private residence, to answer either "Yes" or "No," and state that if "Yes" is selected, the member firm confirms that the location is designated as an RSL as defined in FINRA Rule 3110.

FINRA also is proposing to amend the Form U4 Instructions to account for the new RSL Question. The proposed conforming update to the instructions would provide: "If the Office of Employment address is a non-registered location and designated as a private residence, enter 'yes' or 'no' to indicate whether the Office of Employment address is a residential supervisory location as defined in FINRA Rule 3110. (Note: this question can be answered only if the Private Residence Check Box has been checked.) If 'yes' is selected, the firm confirms that this location is designated as an RSL as defined in FINRA Rule 3110."

#### Implementation Procedures

The implementation date of the proposed rule change will be November 26, 2024. An implementation date that is 30 days prior to the date by which member firms must provide FINRA information identifying their RSLs under amended Rule 3110.19(d) would also align with the requirements of the FINRA By-Laws for member firms and registered persons to keep information disclosed on registration forms current at all times and that amendments to such forms must be filed with FINRA and other applicable regulators not later than 30 days after learning of the facts and circumstances giving rise to the change.<sup>20</sup>

FINRA is proposing to prescribe, for member firms that have indicated on Form U4 that an associated person's office of employment address is a non-registered location that is a private residence, the following procedures for responding to the proposed RSL Question. The proposed RSL Question would prompt member firms to answer the question as either "Yes" or "No" within the timeframes set forth in the following chart:

<sup>20</sup> See *supra* note 17.

<sup>16</sup> FINRA is also proposing to amend the header to paragraph (d) to read as "Obligation to Provide Information Identifying RSLs to FINRA."

<sup>17</sup> See FINRA By-Laws, Article V, Section 2(c).

<sup>18</sup> See *supra* note 14.

<sup>19</sup> FINRA also notes that during the transition period between the effective date of the proposed rule change and the November 26, 2024 implementation date, member firms may begin responding to the RSL Question on Form U4 on a voluntary basis.

Date member firm determines whether non-registered private residence location is or is not an RSL *	Date member firm response to the RSL question on form U4 as “Yes” or “No” is due
From June 1, 2024 (effective date of Rule 3110.19) through November 25, 2024.	Required by December 26, 2024 **.
On or After November 26, 2024 .....	Required within 30 days of RSL designation in accordance with FINRA By-Laws.

\* The member firm must first have indicated on the associated person’s Form U4 that the Office of Employment address is a non-registered location and a private residence by checking the “Private Residence Check Box.” See Form U4 Instructions, Section 1 (General Information) (directing a filer to “Check this [Private Residence Check Box] if the Office of Employment address is a private residence.”).

\*\* Prior to the implementation date,<sup>21</sup> member firms may begin responding to the RSL Question on Form U4 on a voluntary basis from the date the RSL Question becomes available on Form U4 (“transition period”).<sup>22</sup>

As of the November 26, 2024 implementation date, for any associated person’s office of employment address that is a non-registered location and has been identified as a private residence through the “Private Residence Checkbox” on Form U4, member firms would have until December 26, 2024 to amend Form U4 to respond “Yes” or “No” to the RSL Question (if they have not already done so during the transition period) to identify whether such private residence location has or has not been designated by the member firm as an RSL on or after the June 1, 2024 effective date of Rule 3110.19.<sup>23</sup> Also, as of the November 26, 2024 implementation date, member firms filing a Form U4 to report, for the first time, that an associated person’s office of employment address that is a non-registered location and has been identified as a private residence through the “Private Residence Checkbox” on Form U4 would have until December 26, 2024 to respond to the RSL Question to indicate whether that location has or has not been designated by the member firm as an RSL on or after the June 1, 2024 effective date of Rule 3110.19.<sup>24</sup>

<sup>21</sup> FINRA expects to deploy the RSL Question on Form U4 on or before September 30, 2024. FINRA will announce when the RSL Question has been deployed on Form U4.

<sup>22</sup> While member firms may respond to the RSL Question on a voluntary basis during the transition period, the RSL Question information that is voluntarily reported on Form U4 must nonetheless be accurate, as is the case with any other information provided through Form U4.

<sup>23</sup> Prior to the November 26, 2024 implementation date, FINRA is proposing to permit member firms to transition into their RSL reporting requirement. During this transition period, member firms may voluntarily begin responding to the proposed RSL Question on Form U4. FINRA believes this transition period for compliance is appropriate given the potentially significant number of private residence locations that member firms may need to review to determine whether or not to identify them on Form U4 as RSLs and report this information to FINRA by December 26, 2024. While member firms may respond to the RSL Question on a voluntary basis during the transition period, the RSL Question information that is voluntarily reported on the Form U4 must nonetheless be accurate, as is the case with any other information provided through Form U4. See Form U4, Section 15 (Signatures).

<sup>24</sup> For example, if an associated person begins working from their home on November 1, 2024 and

On and after the November 26, 2024 implementation date, member firms must keep the response to the RSL Question current at all times by supplementary amendments to the initial (or original) Form U4 and such amendments must be filed with FINRA no later than 30 days after a member firm designates or no longer designates a private residence location as an RSL.<sup>25</sup>

FINRA has filed the proposed rule change for immediate effectiveness. The implementation date for the proposed rule change will be November 26, 2024.

## 2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,<sup>26</sup> which requires, among other things, that FINRA rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest. FINRA believes that the proposed rule change would provide the most efficient, timely, and useful manner for member firms to provide their RSL information to FINRA. In this regard, the proposed RSL Question would allow member firms to leverage existing processes to access and update Form U4 information to the CRD system using FINRA Gateway and, for machine-to-machine uploads, FINRA’s API Platform, without the need to develop or implement a new method for providing the RSL information. In addition, member firms would, in most circumstances, provide more current information to FINRA about their RSL designations because they would be required to amend the Form U4 to report any changes to their RSL designations no later than 30 days after

their firm files an amended Form U4 on November 30, 2024 to report the associated person’s new office of employment address is a non-registered location that is a private residence, the firm would have until December 26, 2024 to respond “Yes” or “No” to the RSL Question to indicate whether the firm has or has not designated that private residence location as an RSL.

<sup>25</sup> See *supra* note 17.

<sup>26</sup> 15 U.S.C. 78o-3(b)(6).

the change. Specifically, member firms would be required to update their RSL information on an ongoing basis rather than only four times per year. Furthermore, by member firms reporting their RSL designations to FINRA through the Form U4, FINRA and other securities regulators would be able to readily access this information and easily use it for regulatory purposes.

## B. Self-Regulatory Organization’s Statement on Burden on Competition

FINRA does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. As discussed above, a member firm that elects to designate any of its offices or locations as an RSL is required to provide information identifying such offices to FINRA. FINRA believes that doing so through an RSL Question on the Form U4 within the implementation timeframes described in this filing would provide the most efficient, timely, and useful manner for member firms to do so.

The proposed rule change would amend the Form U4 to add a new RSL Question to facilitate the reporting of offices or locations designated by member firms as RSLs to FINRA. The proposed new RSL Question would require member firms to indicate whether a non-registered location that is identified on Form U4 as a private residence is an RSL by responding “Yes” or “No.” As described above, this proposed rule change would require member firms to amend such forms for all their associated persons whose office of employment address is a non-registered location that is identified on Form U4 as a private residence within the implementation timeframe described in this proposed rule change, which may place an administrative and operational burden on member firms. FINRA notes that amendments to Form U4 are relatively frequent over the course of a year, so member firms may be able to comply with this requirement going forward when they update the Form U4 for other reasons, subject to the

requirement in the FINRA By-Laws to ensure that a Form U4 is timely updated not later than 30 days after learning of the facts and circumstances giving rise to the change.<sup>27</sup> In addition, FINRA believes the transition period would help mitigate potential administrative and operational burdens on member firms as it would provide more time and flexibility to member firms in responding to the proposed new RSL Question. Longer term, following the initial December 26, 2024 deadline, FINRA believes that the time it would take a member firm to respond to the proposed new RSL Question for the subset of associated persons whose office of employment address is identified on Form U4 as a non-registered location that is a private residence would be minimal.

Moreover, FINRA believes the administrative and operational burdens on member firms and associated persons as a result of the proposed rule change would be mitigated because member firms and associated persons already must use Form U4 for associated persons to become registered with appropriate SROs, and both member firms and applicants for membership file initial, transfer and amended Forms U4 for their associated persons electronically to the CRD system using the FINRA Gateway or FINRA's API Platform (for machine-to-machine uploads of Form U4 filings). The CRD system includes reporting and record keeping capabilities that are familiar to member firms, and it may expedite the submission and timely maintenance of accurate information regarding a member firm's RSLs and the storage of historic Form U4 filings. Further, FINRA, the SEC and other securities regulators have ready access to Form U4 filings submitted to the CRD system using FINRA Gateway or FINRA's API Platform.

FINRA considered alternative methods to collect RSL information from member firms, including a custom electronic information request or submission of simple lists of locations through the FINRA Gateway. Either option would be costlier for member firms because they would need to develop an infrastructure to create, maintain and report such information, as well as to ensure the accuracy of the information. In addition, because the RSL information would not be submitted through Form U4, such information would not be easily

aggregated, analyzed, or made readily available to securities regulators.

FINRA also considered staggered due dates for responses to the RSL Question on Form U4, whereby member firms would be required to provide a "Yes" response to the RSL Question to indicate all of the non-registered locations that are identified on Form U4 as private residences that the member firm designated as RSLs by a specified date, after which member firms would be required to provide a "No" response to the RSL Question for those non-registered locations that are identified on Form U4 as private residences that the member firm did not designate as RSLs. However, such staggered responses are unnecessary because the announced October 15, 2024 initial deadline for the first quarterly list has been replaced with the December 26, 2024 deadline and, as noted above, FINRA believes that the length of the transition period sufficiently mitigates the potential administrative and operational burdens on member firms by leveraging current operational processes already used by member firms. In addition, FINRA believes that a single implementation date is simpler and less likely to lead to confusion regarding the deadlines for compliance by member firms.

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

Written comments were neither solicited nor received.

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

Because the foregoing 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 for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>28</sup> and Rule 19b-4(f)(6) thereunder.<sup>29</sup>

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. If the Commission takes such action, the

Commission shall institute proceedings to determine whether the proposed rule 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 email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-FINRA-2024-015 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-FINRA-2024-015. 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 (<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 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 such filing also will be available for inspection and copying at the principal office of FINRA. 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-FINRA-2024-015 and should be submitted on or before October 15, 2024.

<sup>27</sup> For example, in 2023, member firms filed Form U4 amendments for almost 480,000 registered individuals, which is approximately 75% of the individuals who were registered as of December 31, 2023.

<sup>28</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>29</sup> 17 CFR 240.19b-4(f)(6).



For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>30</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–101051; File No. SR–NYSEAMER–2024–57]

### Self-Regulatory Organizations; NYSE American LLC; Notice of Filing and Immediate Effectiveness of Proposed Change To Amend Rule 7.31E

September 17, 2024.

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (“Act”)<sup>2</sup> and Rule 19b–4 thereunder,<sup>3</sup> notice is hereby given that, on September 9, 2024, NYSE American LLC (“NYSE American” or the “Exchange”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend Rule 7.31E regarding the Minimum Trade Size Modifier. The proposed rule change is available on the Exchange’s website at [www.nyse.com](http://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 7.31E regarding the Minimum Trade Size (“MTS”) Modifier.

Rule 7.31E(i)(3) provides that a Limit IOC Order, Non-Displayed Limit Order, MPL Order, Tracking Order, Non-Displayed Primary Pegged Order, or Discretionary Pegged Order may be designated with an MTS Modifier. Rule 7.31E(i)(3)(A) currently provides that an MTS must be a minimum of a round lot and that an order with an MTS Modifier will be rejected if the MTS is less than a round lot or if the MTS is larger than the size of the order. The Exchange proposes to amend Rule 7.31E(i)(3)(A) to provide that an MTS may be an odd lot quantity and thus proposes to eliminate rule text currently providing that an MTS must be a minimum of a round lot and that an order with an MTS of less than one round lot would be rejected. The Exchange believes that restricting the use of the MTS Modifier to round lot sizes only is unnecessary and that providing ETP Holders with the option to use the MTS Modifier with an odd lot quantity could increase liquidity and enhance opportunities for order execution on the Exchange. The Exchange notes that permitting odd-lot order quantities is not novel on the Exchange or other equity exchanges and believes that this proposed change is consistent with other equity exchanges’ approaches to the use of instructions similar to the MTS Modifier.<sup>4</sup>

The Exchange also proposes to amend Rule 7.31E(i)(3) to include the non-displayed ALO Order as an order type that could be designated with an MTS Modifier. This clarifying change is intended only to reflect current behavior, by providing a complete list of the order types that may be designated with an MTS Modifier. The Exchange notes that the inclusion of the non-displayed ALO Order<sup>5</sup> as an order type

<sup>4</sup> The rules of Cboe EDGA Exchange, Inc. (“EDGA”), Cboe EDGX Exchange, Inc. (“EDGX”), and Members Exchange (“MEMX”) appear to permit the use of instructions comparable to the MTS Modifier in any size. See EDGA Rules 11.2 (providing that orders are eligible for odd-lot, round-lot, and mixed-lot executions unless otherwise indicated) and 11.6(h) (defining Minimum Execution Quantity instruction); EDGX Rules 11.2 and 11.6(h) (same); MEMX Rules 11.2 and 11.6(f) (same). See also, e.g., IEX Rule 1190(b)(3) (providing that a non-displayed order may be a Minimum Quantity Order and may be an odd lot order).

<sup>5</sup> An ALO Order is a Non-Routable Limit Order that, unless it receives price improvement, will not remove liquidity from the Exchange Book; an ALO

that may be designated with an MTS Modifier is consistent with the existing use of the MTS Modifier with non-displayed order types such as Non-Displayed Limit Orders and MPL Orders (including MPL–ALO Orders). Moreover, although the non-displayed ALO Order is a Limit Order that is non-displayed, the Exchange believes that specifically including the non-displayed ALO Order in the text of Rule 7.31E(i)(3) would reduce ambiguity as to the order types that may be designated with an MTS Modifier.

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 no later than in the fourth quarter of 2024.

##### 2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act,<sup>6</sup> in general, and furthers the objectives of Section 6(b)(5),<sup>7</sup> in particular, because it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in 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.

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 provide ETP Holders with the option to use the MTS Modifier with odd lot quantities, which could encourage order flow to the Exchange and promote opportunities for order execution on the Exchange, to the benefit of all market participants. The proposed change would also clarify that the MTS Modifier may be used in conjunction with non-displayed ALO Orders, thereby removing impediments to, and perfecting the mechanism of, a free and open market and a national market system by updating Exchange rules to ensure that they reflect the current availability of the MTS Modifier and promoting consistency and specificity in Exchange rules as to the use of such modifier with non-displayed order types. The Exchange notes that the

Order may be designated as non-displayed. See Rule 7.31E(e)(2).

<sup>6</sup> 15 U.S.C. 78f(b).

<sup>7</sup> 15 U.S.C. 78f(b)(5).

<sup>30</sup> 17 CFR 200.30–3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

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

<sup>3</sup> 17 CFR 240.19b–4.