

HUDSON RIVER TRADING LLC

March 28, 2024

Vanessa Countryman  
Secretary  
U.S. Securities and Exchange Commission  
100 F Street, N.E.  
Washington, D.C. 20549

Re: Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing of Proposed Enhancements to Its Designated Market Maker Program; Release No. 34-98869; File No. SR-NYSE-2023-36 (Nov. 6, 2023)

Dear Ms. Countryman:

Hudson River Trading LLC<sup>1</sup> (“Hudson River Trading”) appreciates the opportunity to comment to the Securities and Exchange Commission (“Commission”) in response to the New York Stock Exchange LLC’s (“NYSE”) Proposed Enhancements to Its Designated Market Maker (“DMM”) Program (the “Proposal”). As proposed, NYSE will eliminate DMM access to non-public information that is currently available to DMMs on the trading floor. As stated, “DMM access to aggregate order information will henceforth be only as needed and before the open, in connection with the reopening of a security following a trading halt, and following the end of Core Trading Hours to facilitate the Closing Auction.” In conjunction with this change, NYSE proposes to eliminate several accompanying obligations and restrictions that currently apply to DMMs.

Hudson River Trading supports the proposed changes that seek to modernize and simplify the DMM role and responsibilities. The Proposal substantially reduces DMMs’ access to non-public information while reducing many of the corresponding restrictions and obligations. We believe the idiosyncratic nature of these historical restrictions and obligations act as a barrier to entry, resulting in relatively few market makers seeking to become a DMM on NYSE. As such, in our opinion the proposed changes create a foundation for greater competition among DMMs.

Hudson River Trading believes it is important to draw a distinction between features that seek to balance obligations or restrictions with a DMM’s access to non-public information and those that are simply commercial features of NYSE’s market model. For example, a unique obligation that NYSE retained in this filing is the requirement for DMMs to re-enter the opposite side of the

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<sup>1</sup> Hudson River Trading is a multi-asset class quantitative trading firm that provides liquidity on global markets and directly to its clients. Its two broker-dealer subsidiaries (HRT Financial LP and HRT Execution Services LLC) are registered with the Commission pursuant to Section 15 of the Exchange Act and are both members of FINRA and various exchanges.

market after “Aggressing Transactions” at or before the applicable Price Participation Point. We regard such requirements as unnecessarily complicated, and while NYSE should be permitted to have such requirements as part of its commercial model to differentiate itself from competing exchanges, we do not understand the rationale for requiring such features to balance access to non-public information as DMMs do not have access to non-public information during regular trading hours. By the same logic, we believe NYSE is justified in eliminating the prohibition on limiting aggressing transactions in the final ten minutes of the trading day.

NYSE also proposed a DMM Introductory Program in Exchange Traded Products that would allow non-DMMs and Supplemental Liquidity Providers an on-ramp to become a DMM before establishing a floor presence. While we endorse this program, it is important to note that in order to incentivize firms to become DMMs and receive the benefits of competition in the DMM space, NYSE must provide a mechanism to enable new DMMs to compete for DMM status in corporate listings.

Hudson River Trading appreciates the opportunity to submit these comments. Please do not hesitate to contact us if you have any questions regarding any of the comments provided in this letter.

Sincerely,

/s/ Adam Nunes

Adam Nunes