

*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**

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>22</sup> and Rule 19b-4(f)(6) thereunder.<sup>23</sup>

A proposed rule change filed under Rule 19b-4(f)(6)<sup>24</sup> normally does not become operative for 30 days after the date of filing. However, Rule 19b-4(f)(6)(iii)<sup>25</sup> permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. In its filing with the Commission, the Exchange requested that the Commission waive the 30-day operative delay so that the proposed rule change may become operative upon filing. The Commission notes that the Exchange's proposal would make organizational and administrative changes that would be implemented as a result of the Reorganization, as well as reflect a change in the cut-off time for orders to create or redeem Shares. The Commission believes that waiver of the 30-day operative delay would permit continued listing and trading of the Shares of the Acquiring Fund on the Exchange upon shareholder approval of the Reorganization.<sup>26</sup> For these reasons, the Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest. Therefore, the Commission hereby waives the

operative delay and designates the proposal as operative upon filing.<sup>27</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 will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

**IV. Solicitation of Comments**

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

*Electronic Comments*

- Use the Commission's internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NYSEArca-2018-92 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-NYSEArca-2018-92. 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

<sup>27</sup> For purposes only of waiving the 30-day operative delay, the Commission also has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NYSEArca-2018-92 and should be submitted on or before January 17, 2019.

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

**Brent J. Fields,**

*Secretary.*

[FR Doc. 2018-27990 Filed 12-26-18; 8:45 am]

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-84874; File No. SR-NYSEArca-2018-80]

**Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Modify the NYSE Arca Options Fee Schedule in Conjunction With Relocating the Trading Floor to a New Trading Facility**

December 19, 2018.

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (the "Act")<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that, on December 18, 2018, NYSE Arca, Inc. (the "Exchange" or "NYSE Arca") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

**I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change**

The Exchange proposes to modify the NYSE Arca Options Fee Schedule ("Fee Schedule") in conjunction with relocating the Trading Floor to a new trading facility. The Exchange proposes to implement the fee change effective

<sup>28</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.

<sup>22</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>23</sup> 17 CFR 240.19b-4(f)(6). As required under Rule 19b-4(f)(6)(iii), the Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and the text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission.

<sup>24</sup> 17 CFR 240.19b-4(f)(6).

<sup>25</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>26</sup> The Commission notes that, according to the Exchange, the Target Fund and the Acquiring Fund will satisfy all applicable requirements of the 1940 Act and the 1933 Act in connection with the Reorganization.

the first day of the month following the move. 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 purpose of this filing is to modify the Fee Schedule in conjunction with the Exchange relocating its Trading Floor to a new trading facility that will be in a different physical location than the current Trading Floor. The Exchange is moving into a new, state-of-the-art Trading Floor that has been built out to reflect today's market that is heavily reliant on technology and electronic trading. As such, the Exchange proposes to modify certain Trading Floor and Equipment fees in connection with the move (the "Floor Fees"). The Exchange proposes that the Floor Fees would be implemented on the first day of the month following the completion of the move, which is anticipated to occur on or about mid-March 2019. The Exchange is filing the proposed Floor Fees in advance of the move to provide guidance to floor OTP Holders and OTP Firms (collectively, "OTPs") in planning for and determining their commercial needs to operate on the new Trading Floor.

First, the Exchange proposes to revise the Fee Schedule regarding Floor Broker equipment fees. The Exchange proposes to delete reference to "Floor Broker Order Capture Devices," which refer to Exchange-provided hardware that Floor Brokers may use on the Trading Floor. Currently, not all Floor Brokers use the Exchange-provided devices, as some firms have chosen to use their own computers, *i.e.*, firm-provided devices. Regardless of whether a Floor Broker uses an Exchange-provided or firm-

provided device, Floor Brokers access the Exchange using the same software on such devices. On the new Trading Floor, Floor Broker firms will use their own devices that they will purchase or have already purchased themselves. Because the Exchange will no longer provide this hardware device to Floor Brokers, the Exchange proposes to delete reference to the associated fee for such devices from the Fee Schedule. Given the removal of reference to the Floor Broker Order Capture Device, the Exchange proposes to remove reference to the "Pass Through" market data fees associated with such devices. The Exchange proposes that market data fees incurred by Floor Brokers will continue to be passed through as they are today, only now these fees will be addressed under the existing line item for "Wire Services," which modification would streamline the Fee Schedule.

The Exchange also proposes to delete an obsolete reference to the "Trade Match Terminal Fee," which refers to a fee that is no longer charged (or incurred) because, as a result of advances in technology, a separate "terminal" is no longer needed to transmit information to clearing. The Exchange notes that this deletion is a "clean up" change and (unlike the balance of the changes) is not tied to the relocation. Finally, given the relocation, the Exchange proposes to delete as obsolete reference to the "Vendor Equipment Room Cabinet Fee," which refers to charges for equipment stored in a room adjacent to the current Trading Floor, which will not exist on the new Trading Floor.

Next, the Exchange proposes to modify the way it charges for Floor space utilized by Floor Brokers and Market Makers to reflect the business needs and preferences of these market participants. Floor Brokers utilize their Floor space ("Floor Booth") akin to private office space where employees of the same firm communicate with customers, receive orders, and coordinate covering the Floor to announce such orders at designated Trading Crowds. Currently, Floor Brokers may combine multiple, contiguous "Booths" into a single office space. By contrast, Market Makers operate at the point of sale, which necessitates that their Floor space (each, a "Podium") be integrated in designated Trading Crowd locations. Because Market Maker Podia are integrated in the Trading Crowd, the more physical space occupied by a single Market Making firm (*i.e.*, multiple Podia) in a given Trading Crowd means less physical space for other Market Makers to participate in the same Crowd. Thus,

the Exchange proposes to revise its Fee Schedule to charge participants in a manner that reflects this reality and to encourage the efficient use of space by these participants.

The Exchange currently charges each Floor Broker \$350 per Floor Booth and (as noted above) firms may opt to pay for and combine several Booths into a single Floor space. On the new Trading Floor, the Exchange proposes to enable Floor Brokers to specify the amount of space needed for their business and to charge for the amount utilized (at a monthly rate of \$80 per linear foot). The Exchange believes this pricing would offer flexibility to Floor Broker firms to customize the precise amount of work space needed. The Exchange proposes to modify the Fee Schedule to reflect this new Floor Booth pricing method.

Further, the Exchange proposes to modify the way it charges for Floor space utilized by Market Makers. Currently, the Exchange charges \$90 per month per Market Maker Podium, but the size of a "Podium" is not standardized and Market Makers have not been restricted in the amount of space that they use. Also, the Podium fee currently covers only the desk space utilized. Market Makers currently supply their own furniture and equipment, including monitors and there is no uniformity in size or number of the monitors utilized. In the new location, the Exchange proposes to offer workspaces that more efficiently serve Floor participants. To that end, on the new Trading Floor, the Market Maker Podia available in each Trading Crowd are designed to accommodate all Market Makers that want to join that Trading Crowd. As proposed, each Podium will come equipped with a desk, chair, computer keyboard and mouse, as well as four standard monitors (including set up/mounting apparatus to support the same).

The Exchange proposes to implement fees that align with the standardized podia that will be available on the new Trading Floor. The proposed fee structure is designed to encourage the efficient use and allocation of space to Market Makers conducting business on the Trading Floor. Further, to reduce the potential for a single Market Making firm to use more podia space than needed in a Trading Crowd, the Exchange proposes to scale the per Podium fees as follows:

- First Podium: \$200 per month;
- Second Podium: \$400 per month;
- Third Podium: \$800 each per month;
- and
- Fourth Podium: \$1,600 each per month.

As proposed, on the new Trading Floor, only Market Makers with an active OTP will be assigned a Market Maker podium in a Trading Crowd (*i.e.*, Market Makers that have only a Reserve OTP are ineligible for podium). Market Makers with an active OTP utilize the Podia to manage their electronic quotes as well as to maintain a presence in the Trading Crowd to respond to a call for a market. Because Reserve OTPs are not active on a trading permit, they cannot respond to a call for market, and therefore do not need to be present in the Trading Crowd.

As noted above, each Podium comes equipped with four standard monitors (included in the cost), but Market Makers may request up to two additional monitors per stand-alone Podium for a monthly surcharge of \$100.<sup>4</sup> In addition, Market Makers will have the option to upgrade the standard-size monitors (provided by the Exchange) to a large or extra-large monitor for a one-time surcharge of \$200 or \$300, respectively. In addition, to prevent Market Makers from monopolizing Trading Floor space, the number of podiums and monitors will be limited. As proposed, each OTP acting as a Market Maker on the Trading Floor may utilize no more than four podiums and each such OTP in a given Trading Crowd may utilize no more than two podiums, or eight monitors.

The proposed cost structure is designed to provide some flexibility for Market Makers to set up their Floor space consistent with their own business model, while encouraging the fair and efficient use of space. Specifically, the proposed cost structure allows a Market Maker to utilize only one Podium but to pay for additional monitors as opposed to paying for two Podia with the standard monitor configuration. For example, as proposed, it would cost \$600 for two Podia, each equipped with four monitors (for a total of eight monitors) whereas it would cost \$300 for one Podium that is configured to include six monitors (*i.e.*, \$200 for first podium plus \$100 surcharge for two additional monitors).

Further, the Exchange anticipates that, with the new standardized work space, some OTPs may require modification to a Floor Booth or Podium to accommodate firm-specific needs. Such modifications or alterations may be made upon prior approval by

Exchange facilities staff. The Exchange proposes that the OTP be responsible for all related costs for such modifications or alterations, including the costs for Exchange staff prior approval and for restoration to standard configuration upon vacating or relocating (elsewhere on the Floor) the affected Floor Booth or Podium. The Exchange proposes that Exchange staff time associated with such modifications or alterations be charged at a rate of \$200 per hour. The Exchange believes these proposed charges, including for staff time, further encourage the deliberate and efficient use of Exchange facilities and resources. These proposed charges are also intended to take into consideration that the alterations or modifications may require lengthy and expensive supervision of code or structural approvals by experienced Exchange staff.

Regarding telephone service, the Exchange proposes to continue to charge \$14 per month, per telephone line utilized by each Floor participant, which can be used to send facsimiles only. However, the Exchange will no longer be providing telephones for Floor organizations and therefore proposes to remove these fees from the Fee Schedule as obsolete. Instead, Floor participants that would like to have landline telephone service have the option to subscribe directly with the Exchange's exclusive service provider.

Finally, to protect the integrity of Exchange systems and networks, the Exchange proposes to be the sole internet Service Provider ("ISP") permitted on Exchange premises. As such, the Exchange proposes a new monthly ISP Connection Fee of \$150 per connection, capped at \$750 per month. Thus, an OTP that utilizes more than five will still only be charged \$750 per month. The ISP connections may be used for either data or for voice-over-internet-protocol ("VOIP") connections.

## 2. Statutory Basis

The Exchange believes that the proposed fee change is consistent with Section 6(b) of the Act,<sup>5</sup> in general, and furthers the objectives of Sections 6(b)(5) of the Act,<sup>6</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 regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to, and perfect the

mechanisms of, a free and open market and a national market system and, in general, to protect investors and the public interest and because it is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers. In particular, the Exchange believes that all market participants will benefit from the relocation to the new Trading Floor because it will be a state-of-the-art trading facility that has been built out to reflect today's market that is heavily reliant on technology and electronic trading.

The Exchange also believes that the proposed fee change is consistent with Section 6(b)(4) of the Act,<sup>7</sup> in particular, because it provides for the equitable allocation of reasonable dues, fees, and other charges among its members, issuers and other persons using its facilities and does not unfairly discriminate between customers, issuers, brokers or dealers. The Exchange believes the proposal to modify Floor Fees in connection with the Exchange moving the Trading Floor to a new location is reasonable, equitable and not unfairly discriminatory for the following reasons. First, the Exchange is relocating its Trading Floor to a new, state-of-the-art trading Floor that has been built out to reflect today's market that is heavily reliant on technology and electronic trading. The proposed fee changes are designed to enable the Exchange to align its Floor Fees with the cost of the new Trading Floor, including the costs of transferring operations and technology to the new location and ongoing support for the new technology underlying the new Trading Floor.

Second, the proposed Floor Fees are designed to reflect the business practices and needs of Floor Participants, while encouraging efficient use of space by all. Floor Brokers utilize Floor Booths as private office space, out of which they communicate with customers, take orders, and coordinate covering the Floor to announce such orders at assigned Trading Crowds. Market Makers operate out of their Podia at the point of sale and occupy space within the Trading Crowd. Thus, the Exchange believes the proposed distinctions in how it proposes to charge Floor Brokers and Market Makers for space utilized is reasonable and equitable because it is designed to reflect the differing businesses of these participants while offering such participants some flexibility in setting up their Floor space consistent with their particular business models/

<sup>4</sup> The Exchange will only allow the additional monitors if the Market Maker does not have a second (or third, etc.) Podium adjacent to its first Podium. This is to avoid too many monitors in one area that may obstruct Floor participants' line of sight.

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

<sup>6</sup> 15 U.S.C. 78f(b)(5).

<sup>7</sup> 15 U.S.C. 78f(b)(4).

commercial preference. For example, OTPs acting as Market Makers are not required to upgrade their equipment (or modify their work space), but the Exchange is providing that option as an accommodation. Further, the proposed Floor Fees are not unfairly discriminatory, as they are applied equally to all similarly situated Floor market participants.

The proposal to limit Market Maker Podia use to Market Makers with an active OTP is likewise reasonable, equitable and not unfairly discriminatory because such participants utilize the Podia to manage their electronic quotes as well as to maintain a presence in the Trading Crowd to respond to a call for a market. Reserve OTPs are not unfairly burdened by this restriction because such OTPs are not active on a trading permit, cannot respond to a call for market, and therefore do not need to be present in the Trading Crowd. Given these distinctions the Exchange believes this limitation represents a fair and efficient use of Exchange resources.

The Exchange believes the proposal to charge for staff time to supervise modifications or alterations to Floor Booths or Podia is reasonable, equitable and not unfairly discriminatory because it is designed to encourage the deliberate and efficient use of Exchange facilities and resources by all Floor participants. These proposed charges are designed to take into consideration that the alterations or modifications may require lengthy and expensive supervision of code or structural approvals by experienced Exchange staff.

The Exchange believes the proposed ISP Connection fee, and the applicable fee cap, is reasonable, equitable and not unfairly discriminatory as the fee is consistent with charges for similar services on other options exchanges. For example, NYSE American Options charges (“NYSE American”) a monthly Transport Charge of \$150 (the same as the proposed ISP Connection fee), capped at \$500 per Floor Broker organization (slightly lower than the proposed \$750 cap).<sup>8</sup> The Exchange believes it is reasonable to charge a slightly higher fee for these costs than is charged on NYSE American to account for the cost of the new Trading Floor, including the costs of transferring operations and technology to the new location and ongoing support for the

<sup>8</sup> See NYSE American Options fee schedule, Section IV, Monthly Floor Communication, Connectivity, Equipment and Booth or Podia Fees, available at: [https://www.nyse.com/publicdocs/nyse/markets/american-options/NYSE\\_American\\_Options\\_Fee\\_Schedule.pdf](https://www.nyse.com/publicdocs/nyse/markets/american-options/NYSE_American_Options_Fee_Schedule.pdf).

new technology underlying the new Trading Floor.

The Exchange also believes the proposed Floor Fees are reasonable and equitable because OTPs choose whether to participate on the Exchange solely through electronic means, or with a presence on the Trading Floor. The proposed Floor Fees are designed to encourage participants to conduct business on the Trading Floor, which may be on behalf of any market participant. In addition, orders brought to the Trading Floor benefit all market participants by providing more trading opportunities, which attracts Market Makers, Customers and other participants. An increase in activity, in turn, facilitates tighter spreads, which may result in a corresponding increase in order flow from all market participants.

To the extent that the Exchange will no longer be offering certain equipment or services, the removal of such fees from the Fee Schedule is reasonable as it would add clarity and transparency to the Fee Schedule to the benefit of all participants.

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

In accordance with Section 6(b)(8) of the Act,<sup>9</sup> the Exchange does not believe that the proposed rule change would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed Floor Fees are designed to address the relocation of the Exchange Trading Floor, not to address any competitive issues. The Exchange believes that the proposed fees will encourage fair and efficient use of the new Trading Floor space. If this result is achieved, the proposed fees may increase both inter-market and intra-market competition by incenting off-Floor participants to direct their orders to the Exchange, which would enhance the quality of quoting and may increase the volume of contracts traded on the Exchange.

The Exchange does not believe that the proposed change will impair the ability of any market participants or competing order execution venues to maintain their competitive standing in the financial markets. Further, the proposed Floor Fees would be applied to all similarly situated participants (*i.e.*, Floor Brokers and on-floor Market Makers), and, as such, the proposed change would not impose a disparate burden on competition either among or between classes of market participants. Further, the proposal to limit Market

<sup>9</sup> 15 U.S.C. 78f(b)(8).

Maker podia use to Market Makers with an active OTP is likewise reasonable, equitable and not unfairly discriminatory because such participants utilize the podia to manage their electronic quotes as well as to maintain a presence in the Trading Crowd to respond to a call for a market. Reserve OTPs are not unfairly burdened by this restriction because such OTPs are not active on a trading permit, cannot respond to a call for market, and therefore do not need to be present in the Trading Crowd. Given these distinctions the Exchange believes this limitation represents a fair and efficient use of Exchange resources.

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

No written comments were solicited or received with respect to the proposed rule change.

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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>10</sup> and Rule 19b-4(f)(6) thereunder.<sup>11</sup> 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.<sup>12</sup>

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

<sup>10</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>11</sup> 17 CFR 240.19b-4(f)(6).

<sup>12</sup> [sic] CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission 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 of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

under Section 19(b)(2)(B)<sup>13</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 (<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-NYSEARCA-2018-80 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-NYSEARCA-2018-80. 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 the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NYSEARCA-2018-80 and

should be submitted on or before January 17, 2019.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>14</sup>

**Brent J. Fields,**

*Secretary.*

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**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-84854; File No. SR-NYSE-2018-61]

### Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending Section 902.02 of the NYSE Listed Company Manual To Modify the Investment Management Entity Group Fee Discount

December 19, 2018.

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (the "Act")<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that, on December 7, 2018, 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 amend Section 902.02 of the NYSE Listed Company Manual (the "Manual") to modify the Investment Management Entity Group Fee Discount. 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

Section 902.02 of the Manual provides for a fee discount applicable only to an Investment Management Entity<sup>4</sup> and its Eligible Portfolio Companies<sup>5</sup> (the "Investment Management Entity Group Fee Discount"). The Investment Management Entity Group Fee Discount is subject to a maximum aggregate discount of \$500,000 in any given year (the "Maximum Discount") distributed among the Investment Management Entity and each of its Eligible Portfolio Companies in proportion to their respective eligible fee obligations in such year.<sup>6</sup> In addition to benefiting from the Investment Management Entity Group Fee Discount, the Investment Management Entity and each of the Eligible Portfolio Companies continue to have fees capped by the applicable company's individual Total Maximum Fee of \$500,000.

Currently, the Investment Management Entity Group Fee Discount is as follows:

- A 30% discount on all eligible fees of an Investment Management Entity and each of its Eligible Portfolio Companies in any year in which the Investment Management Entity has two Eligible Portfolio Companies, subject to the Maximum Discount.
- a 50% discount on all eligible fees of an Investment Management Entity and each of its Eligible Portfolio Companies in any year in which the Investment Management Entity has three or more Eligible Portfolio Companies, subject to the Maximum Discount.

<sup>4</sup> An Investment Management Entity is a listed company that manages private investment vehicles not registered under the Investment Company Act.

<sup>5</sup> An "Eligible Portfolio Company" of an Investment Management Entity is a company in which the Investment Management Entity has owned at least 20% of the common stock on a continuous basis since prior to that company's initial listing.

<sup>6</sup> The current rule provides that, for years prior to calendar 2019, the Investment Management Entity Group Fee Discount is based on both annual and listing fees paid in the applicable year and, for calendar 2019 and subsequent years, the discount is based only on annual fees.

<sup>14</sup> 17 CFR 200.30-3(a)(12).

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

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

<sup>3</sup> 17 CFR 240.19b-4.

<sup>13</sup> 15 U.S.C. 78s(b)(2)(B).