

Board will take any appropriate actions based on its review, including, if appropriate, the institution of procedures designed to assure that purchases of securities in Affiliated Underwritings are in the best interest of shareholders of the Fund.

17. Each Fund will maintain and preserve permanently in an easily accessible place a written copy of the procedures described in the preceding condition, and any modifications to such procedures, and will maintain and preserve for a period of not less than six years from the end of the fiscal year in which any purchase in an Affiliated Underwriting occurred, the first two years in an easily accessible place, a written record of each purchase of securities in Affiliated Underwritings once an investment by an Investing Fund in the securities of the Fund exceeds the limit of section 12(d)(1)(A)(i) of the Act, setting forth from whom the securities were acquired, the identity of the underwriting syndicate's members, the terms of the purchase, and the information or materials upon which the Board's determinations were made.

18. Before investing in a Fund in excess of the limits in section 12(d)(1)(A), an Investing Fund will execute a FOF Participation Agreement with the Fund stating that their respective boards of directors or trustees and their investment advisers, or Trustee and Sponsor, as applicable, understand the terms and conditions of the order, and agree to fulfill their responsibilities under the order. At the time of its investment in Shares of a Fund in excess of the limit in section 12(d)(1)(A)(i), an Investing Fund will notify the Fund of the investment. At such time, the Investing Fund will also transmit to the Fund a list of the names of each Investing Fund Affiliate and Underwriting Affiliate. The Investing Fund will notify the Fund of any changes to the list as soon as reasonably practicable after a change occurs. The Fund and the Investing Fund will maintain and preserve a copy of the order, the FOF Participation Agreement, and the list with any updated information for the duration of the investment and for a period of not less than six years thereafter, the first two years in an easily accessible place.

19. Before approving any advisory contract under section 15 of the Act, the board of directors or trustees of each Investing Management Company, including a majority of the independent directors or trustees, will find that the advisory fees charged under such contract are based on services provided that will be in addition to, rather than

duplicative of, the services provided under the advisory contract(s) of any Fund in which the Investing Management Company may invest. These findings and their basis will be recorded fully in the minute books of the appropriate Investing Management Company.

20. Any sales charges and/or service fees charged with respect to shares of an Investing Fund will not exceed the limits applicable to a fund of funds as set forth in FINRA Rule 2341.

21. No Fund will acquire securities of any investment company or company relying on section 3(c)(1) or 3(c)(7) of the Act in excess of the limits contained in section 12(d)(1)(A) of the Act, except to the extent permitted by exemptive relief from the Commission permitting the Fund to purchase shares of other investment companies for short-term cash management purposes.

By the Commission,

**Jill M. Peterson,**

*Assistant Secretary.*

[FR Doc. 2019-25071 Filed 11-19-19; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-87541; File No. SR-NYSECHX-2019-20]

### Self-Regulatory Organizations; NYSE Chicago, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending the Fee Schedule of NYSE Chicago, Inc. in Connection With the Exchange's Transition to Trading to the Pillar Trading Platform

November 14, 2019.

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 November 12, 2019 the NYSE Chicago, Inc. ("NYSE Chicago" 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.

<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.

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

The Exchange proposes to amend the Fee Schedule of NYSE Chicago, Inc. (the "Fee Schedule") in connection with the Exchange's transition to trading to the Pillar trading platform. The Exchange proposes to implement the fee change effective November 12, 2019. 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

On November 4, 2019, the Exchange transitioned to trading on Pillar.<sup>4</sup> Pillar is an integrated trading technology platform designed to use a single specification for connecting to the equities and options markets operated by the Exchange and its affiliates, NYSE Arca, Inc. ("NYSE Arca"), NYSE American, LLC ("NYSE American"), NYSE National, Inc. ("NYSE National"), and New York Stock Exchange LLC ("NYSE"). With Pillar, the Exchange transitioned its cash equities trading platform to a fully automated price-time priority allocation model that trades all Regulation National Market System ("NMS") Stocks.

In connection with this transition, the Exchange proposes to amend the Fee Schedule for trading on the Pillar platform, and to eliminate certain other fees that would no longer be applicable. The Exchange proposes to implement

<sup>4</sup> See Trader Update, available at [https://www.nyse.com/publicdocs/nyse/notifications/trader-update/NYSEChicago\\_Migration\\_update\\_9.4.pdf](https://www.nyse.com/publicdocs/nyse/notifications/trader-update/NYSEChicago_Migration_update_9.4.pdf). See also Securities Exchange Act Release No. 87264 (October 9, 2019), 84 FR 55345 (October 16, 2019) (SR-NYSECHX-2019-08).

the fee changes effective November 12, 2019.<sup>5</sup>

## Background

The Exchange operates in a highly competitive environment. The Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system “has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.”<sup>6</sup>

As the Commission itself recognized, the market for trading services in NMS stocks has become “more fragmented and competitive.”<sup>7</sup> Indeed, equity trading is currently dispersed across 13 exchanges,<sup>8</sup> 31 alternative trading systems,<sup>9</sup> and numerous broker-dealer internalizers and wholesalers, all competing for order flow. Based on publicly-available information for August 2019, no single exchange has more than 19% market share (whether including or excluding auction volume).<sup>10</sup> Therefore, no exchange possesses significant pricing power in the execution of equity order flow. More specifically, in September 2019, the Exchange had 0.47% market share of executed volume of non-auction equity trading.<sup>11</sup>

The Exchange believes that the ever-shifting market share among the exchanges from month to month demonstrates that market participants can move order flow, or discontinue or reduce use of certain categories of products. While it is not possible to know a firm’s reason for shifting order

flow, the Exchange believes that one such reason is because of fee changes at any of the registered exchanges or non-exchange venues to which a firm routes order flow.

## Proposed Rule Change

Pursuant to Section E.1 of the Fee Schedule, the Exchange currently charges a fee for removing liquidity and provides a credit for adding liquidity for orders in Tape A, B and C securities. For each of Tape A, B and C securities with a share price equal to or greater than \$1.00, the Exchange charges a fee of \$0.0030 per share for orders that remove liquidity and provides a credit of \$0.0020 per share for orders that provide liquidity. For each of Tape A, B and C securities with a share price less than \$1.00, the Exchange charges a fee that is equal to 0.10% of trade value<sup>12</sup> for orders that remove liquidity and provides a credit of \$0.0009 per share for orders that provide liquidity.

The Exchange proposes the following transaction fees for trading on its Pillar trading platform. For each of Tape A, B and C securities with a share price equal to or greater than \$1.00, the Exchange proposes a fee of \$0.0010 per share for orders that remove liquidity and for orders that add liquidity. For each of Tape A, B and C securities with a share price less than \$1.00, the Exchange proposes a fee that is equal to 0.10% of trade value for orders that remove liquidity and for orders that add liquidity.

Section E.1 currently provides that the fees under this section are for Matching System executions resulting from single-sided orders submitted as at least a Round Lot. The Exchange proposes to remove “submitted as at least a Round Lot” from the text of the Fee Schedule as the proposed fees would apply to all orders, including round lot and odd lot orders. Further, as described below, the Exchange is proposing to delete pricing applicable to odd lot orders from the Fee Schedule, and as such, the proposed fees under Section E.1 would apply to odd lot orders also.

Additionally, with this proposed rule change, the Exchange would no longer provide credits for orders that add liquidity. Accordingly, the Exchange proposes to delete paragraphs (b) and (c) under Section E.1 as each of those paragraphs refer to credits that would no longer be payable by the Exchange. The Exchange also proposes to remove the reference to “credits attributed”

found in Section E.1 and the reference to “attributed credits pursuant to Section E.1(b) and (c)” found in Section E.3(a)(2). The Exchange also proposes to amend the text of paragraph (a) under Section E.1 to make clear that the both the liquidity removing fee and the liquidity providing fee shall not be charged to any Institutional Brokers, as Institutional Brokers are and would continue to be subject to fees under Section E.3. Finally, the Exchange proposes to delete the conditional requirement found in Sections E.1 and E.3 of the Fee Schedule. Specifically, the Exchange proposes to delete the term “Subject to Section E.9 below” from Sections E.1 and E.3 because the Fee Schedule no longer has a Section E.9. Section E.9 previously provided fees for certain executions that resulted from a functionality that has since been decommissioned. The Exchange inadvertently failed to previously delete reference to Section E.9 found in Sections E.1 and E.3 from the Fee Schedule and proposes to do so now.<sup>13</sup>

Section E.4 currently provides that a fee of \$0.0040 per share applies for the execution of orders submitted as odd lots during all trading sessions.<sup>14</sup> With this proposed rule change, the Exchange would no longer distinguish between executions of round lot orders and odd lot orders and would charge the same fee for all orders pursuant to the proposed fees under Section E.1. Accordingly, the Exchange proposes to remove the text within Section E.4 of the Fee Schedule in its entirety, replacing it with “Reserved.”

Section E.8 currently provides a formula-based order cancellation fee which assesses a daily cancellation fee per trading account symbol, if the order cancellation ratio exceeds a designated threshold.<sup>15</sup> Historically, the

<sup>5</sup> The Exchange originally filed to amend the Fee Schedule on November 4, 2019 (SR-NYSECHX-2019-18). SR-NYSECHX-2019-18 was subsequently withdrawn and replaced by this filing.

<sup>6</sup> See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005).

<sup>7</sup> See Securities Exchange Act Release No. 51808, 84 FR 5202, 5253 (February 20, 2019) (File No. S7-05-18) (Transaction Fee Pilot for NMS Stocks Final Rule).

<sup>8</sup> See Cboe U.S. Equities Market Volume Summary at [https://markets.cboe.com/us/equities/market\\_share](https://markets.cboe.com/us/equities/market_share). See generally <https://www.sec.gov/fast-answers/divisionsmarketregmr/exchangesshtml.html>.

<sup>9</sup> See FINRA ATS Transparency Data, available at <https://otctransparency.finra.org/otctransparency/AtsIssueData>. A list of alternative trading systems registered with the Commission is available at <https://www.sec.gov/foia/docs/atlist.htm>.

<sup>10</sup> See Cboe Global Markets U.S. Equities Market Volume Summary, available at [http://markets.cboe.com/us/equities/market\\_share/](http://markets.cboe.com/us/equities/market_share/).

<sup>11</sup> See *id.*

<sup>12</sup> “Trade value” means a dollar amount equal to the price per share multiplied by the number of shares executed. See Fee Schedule.

<sup>13</sup> See Securities Exchange Act Release No. 85248 (March 5, 2019), 84 FR 8773 (March 11, 2019) (SR-NYSECHX-2019-01). See also Exchange Act Release No. 84852 (December 19, 2018), 83 FR 66808 (December 27, 2018) (SR-CHX-2018-09).

<sup>14</sup> See Securities Exchange Act Release No. 54657 (October 26, 2006), 71 FR 64590 (November 2, 2006) (SR-CHX-2006-29). See also Securities Exchange Act Release Nos. 64953 (July 25, 2011), 76 FR 45626 (July 29, 2011) (SR-CHX-2011-19); 73814 (December 11, 2014), 79 FR 75203 (December 17, 2014) (SR-CHX-2014-19); and 77785 (May 9, 2016), 81 FR 29936 (May 13, 2016) (SR-CHX-2016-06).

<sup>15</sup> See Securities Exchange Act Release No. 61392 (January 21, 2010), 75 FR 4436 (January 27, 2010) (SR-CHX-2010-02). See also Securities Exchange Act Release Nos. 62642 (August 4, 2010), 75 FR 48404 (August 10, 2010) (SR-CHX-2010-19); 68219 (November 13, 2012), 77 FR 69673 (November 20, 2012) (SR-CHX-2012-15); 69701 (June 5, 2013), 78 FR 35082 (June 11, 2013) (SR-CHX-2013-11); 69903 (July 1, 2013), 78 FR 40788 (July 8, 2013) (SR-CHX-2013-12); and 71404 (January 27, 2014), 79 FR 5476 (January 31, 2014) (SR-CHX-2014-01).

cancellation fee was adopted so the Exchange could recoup some of the costs associated with administering and processing large numbers of cancelled orders and to incent Participants to post marketable orders, and thereby, promote liquidity and single-sided executions on the Exchange. With this proposed rule change, the Exchange would no longer assess the cancellation fee and proposes to remove the fee from the Fee Schedule.

Section I of the Fee Schedule currently provides listing fees charged by the Exchange.<sup>16</sup> More specifically, Section I.1 provides fees for original listings; Section I.2 provides the fees for annual maintenance; Section I.3 provides the fees for supplemental listings; and Section I.4 provides miscellaneous fees related to listings on the Exchange. On Pillar, the Exchange would no longer be a primary listing venue and would no longer charge the listing fees found in Section I of the Fee Schedule.<sup>17</sup> Accordingly, the Exchange proposes to remove the text within Section I of the Fee Schedule in its entirety, replacing it with “Reserved.”

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,<sup>18</sup> in general, and furthers the objectives of Sections 6(b)(4) and (5) of the Act,<sup>19</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 Proposed Rule Change Is Reasonable

As discussed above, the Exchange operates in a highly fragmented and competitive market. The Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. Specifically, in Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues

and, also, recognized that current regulation of the market system “has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.”<sup>20</sup>

As the Commission itself recognized, the market for trading services in NMS stocks has become “more fragmented and competitive.”<sup>21</sup> Indeed, equity trading is currently dispersed across 13 exchanges,<sup>22</sup> 31 alternative trading systems,<sup>23</sup> and numerous broker-dealer internalizers and wholesalers, all competing for order flow. Based on publicly-available information, no single exchange has more than 19% market share (whether including or excluding auction volume).<sup>24</sup> Therefore, no exchange possesses significant pricing power in the execution of equity order flow. More specifically, as noted earlier, the Exchange averaged less than 1% market share of executed volume of equity trades (excluding auction volume)<sup>25</sup> for September 2019.

The Exchange believes that the ever-shifting market share among the exchanges from month to month demonstrates that market participants can shift order flow, or discontinue to reduce use of certain categories of products, in response to fee changes. With respect to non-marketable orders which provide liquidity on an Exchange, Participants can choose from any one of the 13 currently operating registered exchanges to route such order flow. Accordingly, competitive forces reasonably constrain exchange transaction fees that relate to orders that would provide displayed liquidity on an exchange. Stated otherwise, changes to exchange transaction fees can have a direct effect on the ability of an exchange to compete for order flow.

The Exchange believes that charging \$0.0010 per share for securities priced at or above \$1.00 and 0.10% of the total dollar value of the transaction for securities priced below \$1.00 for executions on the Exchange of single-sided orders that add liquidity and that

remove liquidity to the Exchange is reasonable because the proposed rate would be comparable to the fee charged by other exchanges.<sup>26</sup> With this proposed rule change, the Exchange proposes to standardize the fee for adding and removing liquidity for all orders executed by Participants on the Exchange. The Exchange believes it is reasonable to amend the rule text in Section E.1(a) to clarify that, with this proposed rule change, all liquidity providing orders and all liquidity removing orders executed by Participants on the Exchange would be charged the same fee and that the liquidity removing fee and the liquidity providing fee shall not be charged to any Institutional Brokers, as Institutional Brokers are and would continue to be subject to fees under Section E.3.

The Exchange believes it is reasonable to charge odd lot orders the same fee that is charged for round lot orders, and to delete the part of the Fee Schedule that provided fees specifically for odd lot orders. The Exchange believes the proposed rule change, which would result in lower fees for the execution of odd lot orders on the Exchange, would provide an incentive to Participants to direct their odd lot order flow to the Exchange. This in turn would provide the Exchange with potential order flow as it transitions to the Pillar trading platform.

The Exchange believes that it is reasonable to eliminate the cancellation fee, and to delete the part of the Fee Schedule that provided the cancellation fee. The cancellation fee was originally introduced in response to capacity concerns stemming from Participants generating significant order traffic that did not result in executed trades due to orders being cancelled at high rates. In the time since the cancellation fee was adopted, the fee has become less important as the Exchange over time has generally improved its technology and the Exchange believes that maintaining the fee is no longer necessary. The Exchange believes that this fee may inadvertently discourage Participants to enter additional orders on the Exchange.

The Exchange believes it is reasonable to eliminate the listing fees from the Fee Schedule, and to delete the part of the Fee Schedule that provided the listing fees, because once the Exchange

<sup>26</sup> IEX, for instance, charges a fee of \$0.0009 per share for providing non-displayed liquidity for securities priced at or above \$1.00 and 0.30% of TDV (i.e., the total dollar value of the transaction calculated as the execution price) for securities priced below \$1.00. See Investors Exchange Fee Schedule, available at <https://iextrading.com/trading/fees/>.

<sup>16</sup> See Securities Exchange Act Release Nos. 54657 (October 26, 2006), 71 FR 64590 (November 2, 2006) (SR-CHX-2006-29); and 68620 (January 10, 2013), 78 FR 3485 (January 16, 2013) (SR-CHX-2012-20).

<sup>17</sup> See Trader Update, available at [https://www.nyse.com/publicdocs/nyse/notifications/trader-update/NYSEChicago\\_Migration\\_update\\_9.4.pdf](https://www.nyse.com/publicdocs/nyse/notifications/trader-update/NYSEChicago_Migration_update_9.4.pdf). See also Securities Exchange Act Release No. 87264 (October 9, 2019), 84 FR 55345 (October 16, 2019) (SR-NYSECHX-2019-08).

<sup>18</sup> 15 U.S.C. 78f(b).

<sup>19</sup> 15 U.S.C. 78f(b)(4) and (5).

<sup>20</sup> See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005).

<sup>21</sup> See Securities Exchange Act Release No. 51808, 84 FR 5202, 5253 (February 20, 2019) (File No. S7-05-18) (Final Rule).

<sup>22</sup> See Cboe Global Markets, U.S. Equities Market Volume Summary, available at [https://markets.cboe.com/us/equities/market\\_share](https://markets.cboe.com/us/equities/market_share).

<sup>23</sup> See FINRA ATS Transparency Data, available at <https://otctransparency.finra.org/otctransparency/AtsIssueData>. A list of alternative trading systems registered with the Commission is available at <https://www.sec.gov/foia/docs/atlist.htm>.

<sup>24</sup> See Cboe Global Markets U.S. Equities Market Volume Summary, available at [http://markets.cboe.com/us/equities/market\\_share/](http://markets.cboe.com/us/equities/market_share/).

<sup>25</sup> See note 11, *supra*.

transitions to Pillar, the Exchange would no longer be a primary listing market and therefore, removal of the listing fees from the Fee Schedule would increase transparency to the fees that would be applicable on the Exchange and would reduce investor confusion.

The Exchange believes that the proposal to delete obsolete text under Sections E.1 and E.3 of the Fee Schedule would remove impediments to, and perfect the mechanisms of, a free and open market and a national market system and, in general, protect investors and the public interest because the proposed fee change would remove text from the Fee Schedule related to fees that no longer exist and therefore reduce any potential ambiguity and provide clarification with respect to fees that are applicable on the Exchange.

#### The Proposed Rule Change Is an Equitable Allocation of Fees and Credits

The Exchange believes its proposal equitably allocates its fees among its market participants.

First, the Exchange is proposing to adopt a standardized rate for orders that add liquidity and orders that remove liquidity. The Exchange believes the proposed revised fee structure would simplify the fees charged by the Exchange to Participants that transact on the Exchange as all liquidity providing orders and all liquidity removing orders executed by Participants on the Exchange would be charged the same fee. As a result, the proposal should encourage Participants to direct orders that add liquidity and remove liquidity, as the case may be, thereby contributing to robust levels of trading, which would benefit all market participants. The proposed change will encourage the submission of a greater number of orders to a national securities exchange, thus promoting price discovery and transparency and enhancing order execution opportunities for Participants on the Exchange. However, without having a view of Participant's activity on other markets and off-exchange venues, the Exchange has no way of knowing whether this proposed rule change would result in a change in trading behavior by Participants. However, the Exchange believes that standardizing the adding and removing fees by adopting a single fee would result in a simpler fee structure which may provide an incentive for Participants to continue to submit orders to the Exchange, and thereby promote price discovery and increased execution opportunities for all Participants. The Exchange believes the proposed rule

change would improve market quality for all market participants on the Exchange and, as a consequence, attract more liquidity to the Exchange, thereby improving market-wide quality and price discovery.

The Exchange believes the proposed rule change would improve market quality for all market participants on the Exchange and, as a consequence, attract more liquidity to the Exchange thereby improving market-wide quality. The proposal neither targets nor will it have a disparate impact on any particular category of market participant. The Exchange believes that recalibrating the fees for orders that add and that remove liquidity would continue to attract order flow and liquidity to the Exchange for the benefit of investors generally.

The Exchange further believes the proposed rule change to remove sections related to fees for odd lot orders, cancellation fee and listing fees from the Fee Schedule and the deletion of obsolete fees is equitable because such fees are no longer applicable or would no longer be applicable once the Exchange has transitioned to the Pillar trading platform. The Exchange believes this will more clearly identify currently applicable fees, which the Exchange believes removes impediments to and perfects the mechanism of a free and open market. The Exchange believes the proposed rule change will eliminate confusion regarding which fees apply to current trading, which ultimately protects investors and the public interest.

#### The Proposed Rule Change Is Not Unfairly Discriminatory

The Exchange believes that the proposal is not unfairly discriminatory. In the prevailing competitive environment, Participants are free to disfavor the Exchange's pricing if they believe that alternatives offer them better value.

The proposal to adopt standardized fees for orders that add liquidity and for orders that remove liquidity neither targets nor will it have a disparate impact on any particular category of market participant. The proposal does not permit unfair discrimination because the proposed standardized fees would be applied to all similarly Participants, who would all be eligible for the same fee on an equal basis. Accordingly, no Participant already operating on the Exchange would be disadvantaged by this allocation of fees.

The Exchange believes the proposed rule change to charge odd lot orders the same fee that is charged to round lot orders, and to delete the part of the Fee Schedule that provided fees specifically

for odd lot orders, is not unfairly discriminatory as the proposed fees for odd lot orders would apply on an equal basis to all Participants that send odd lot orders to the Exchange.

The Exchange believes the proposed rule change to eliminate the cancellation fee, and to delete the part of the Fee Schedule that provided the cancellation fee, is not unfairly discriminatory as the proposed elimination of the fee would apply equally to all Participants, who will no longer be subject to any cancellation fees, resulting in lower fees for Participants.

The Exchange believes the proposed rule change to eliminate the listing fees, and to delete the part of the Fee Schedule that provided the listing fees, is not unfairly discriminatory as the proposed elimination of the fee would apply equally to all Participants, who will no longer be subject to any listing fees.

The Exchange believes the proposed rule change to delete references to Section E.9 from the Fee Schedule, which no longer exists, is not unfairly discriminatory because the proposed deletion would alleviate confusion and maintain clarity in the Fee Schedule, and would apply to all Participants on an equal basis.

Finally, the submission of orders to the Exchange is optional for Participants in that they could choose whether to submit orders to the Exchange and, if they do, the extent of its activity in this regard. The Exchange believes that it is subject to significant competitive forces, as described below in the Exchange's statement regarding the burden on competition. For the foregoing reasons, the Exchange believes that the proposal is consistent with the Act.

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

In accordance with Section 6(b)(8) of the Act,<sup>27</sup> the Exchange believes that the proposed rule change would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Instead, as discussed above, the Exchange believes that the proposed changes would encourage the submission of orders to a public exchange, thereby promoting market depth, price discovery and transparency and enhancing order execution opportunities for Participants. As a result, the Exchange believes that the proposed change furthers the Commission's goal in adopting Regulation NMS of fostering integrated competition among orders, which

<sup>27</sup> 15 U.S.C. 78f(b)(8).

promotes “more efficient pricing of individual stocks for all types of orders, large and small.”<sup>28</sup>

#### Intramarket Competition

The proposed rule change is designed to attract order flow to the Exchange, and thereby, increased liquidity. Greater liquidity benefits all market participants on the Exchange by providing more trading opportunities and encourages Participants, to send orders, thereby contributing to robust levels of liquidity, which benefit all market participants. The Exchange does not believe that the proposed rule change will impair the ability of Participants to compete in the financial markets. There are 13 exchanges, 31 alternative trading systems, and numerous broker-dealer internalizers and wholesalers, all competing for order flow from which Participants may choose to send their quotes and trades. The Exchange also does not believe the proposed rule change would impact intramarket competition as the proposed rule change would apply to all Participants equally that transact on the Exchange, and therefore the proposed change would not impose a disparate burden on competition among market participants on the Exchange.

#### Intermarket Competition

The Exchange operates in a highly competitive market in which market participants can readily choose to send their orders to other exchange and off-exchange venues if they deem fee and rebate levels at those other venues to be more favorable. As noted earlier, the Exchange’s market share of intraday trading (*i.e.*, excluding auctions) was 0.47% in September 2019. In such an environment, the Exchange must continually adjust its fees and rebates to remain competitive with other exchanges and with off-exchange venues. Because competitors are free to modify their own fees and credits in response, and because market participants may readily adjust their order routing practices, the Exchange does not believe the proposed change can impose any burden on intermarket competition.

The Exchange believes that the proposed rule change could promote competition between the Exchange and other execution venues, including those that currently offer similar order types and comparable transaction pricing, by encouraging additional orders to be sent to the Exchange for execution.

#### 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 foregoing rule change is effective upon filing pursuant to Section 19(b)(3)(A)<sup>29</sup> of the Act and subparagraph (f)(2) of Rule 19b-4<sup>30</sup> thereunder, because it establishes a due, fee, or other charge imposed by the Exchange.

At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B)<sup>31</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-NYSECHX-2019-20 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-NYSECHX-2019-20. 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-NYSECHX-2019-20 and should be submitted on or before December 11, 2019.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>32</sup>

**Jill M. Peterson,**

*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-87543; File No. SR-CboeBYX-2019-021]

### Self-Regulatory Organizations; Cboe BYX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the Fee Schedule Applicable to the BYX Equities Trading Platform as it Relates to Pricing for Orders Routed to Cboe EDGA Exchange, Inc. Using the ALLB, TRIM, or SLIM Routing Strategy

November 14, 2019.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on November 13, 2019, Cboe BYX Exchange, Inc. (the “Exchange” or “BYX”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule

<sup>28</sup> See Securities Exchange Act Release No. 51808, 70 FR 37495, 37498-99 (June 29, 2005) (S7-10-04) (Final Rule).

<sup>29</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>30</sup> 17 CFR 240.19b-4(f)(2).

<sup>31</sup> 15 U.S.C. 78s(b)(2)(B).

<sup>32</sup> 17 CFR 200.30-3(a)(12).

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

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