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

The Exchange neither solicited nor received comments on 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)(iii) of the Act [61] and subparagraph (f)(6) of Rule 19b–4 thereunder.[62]

A proposed rule change filed pursuant to Rule 19b–4(f)(6) under the Act [63] normally does not become operative for 30 days after the date of its filing. However, Rule 19b–4(f)(6)(iii) [64] permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Exchange states that the requested waiver will provide for fair competition among options exchanges, given that the proposed rules are ''substantively the same'' as those of at least one other national securities exchange. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest because the proposed rule change does not present any unique or novel regulatory issues and is substantively identical to the rules of Cboe. Accordingly, the Commission hereby waives the operative delay and designates the proposal operative upon filing.[65]

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: (i) Necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) 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.* Please include File Number SR–C2–2020–006 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–C2–2020–006. 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–C2–2020–006 and should be submitted on or before July 9, 2020.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[66]

J. Matthew DeLesDernier,

Assistant Secretary.

[FR Doc. 2020–13116 Filed 6–17–20; 8:45 am]

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[61] 15 U.S.C. 78s(b)(3)(A)(iii).

[62] 17 CFR 240.19b–4(f)(6). In addition, Rule 19b–4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file 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.

[63] 17 CFR 240.19b–4(f)(6).

[64] 17 CFR 240.19b–4(f)(6)(iii).

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

[66] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–89064; File No. SR–CboeEDGX–2020–025]

Self-Regulatory Organizations; Cboe EDGX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the Fee Schedule

June 12, 2020.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the ''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on June 2, 2020, Cboe EDGX Exchange, Inc. (the ''Exchange'' or ''EDGX'') 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 Exchange. 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

Cboe EDGX Exchange, Inc. (the ''Exchange'' or ''EDGX'') is filing with the Securities and Exchange Commission (''Commission'') a proposed rule change to amend the fee schedule applicable to Members and non-Members [3] of the Exchange pursuant to EDGX Rules 15.1(a) and (c). The text of the proposed rule change is provided in Exhibit 5.

The text of the proposed rule change is also available on the Exchange's website (*http://markets.cboe.com/us/options/regulation/rule_filings/edgx/*), at the Exchange's Office of the

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[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] A Member is defined as ''any registered broker or dealer that has been admitted to membership in the Exchange.'' See Exchange Rule 1.5(n).

Secretary, 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 Exchange 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. The Exchange 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

The Exchange proposes to amend its fee schedule in connection with its Add Volume Tiers.[4]

The Exchange first notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or incentives to be insufficient. More specifically, the Exchange is only one of 13 registered equities exchanges, as well as a number of alternative trading systems and other off-exchange venues that do not have similar self-regulatory responsibilities under the Exchange Act, to which market participants may direct their order flow. Based on publicly available information,[5] no single registered equities exchange has more than 17% of the market share. Thus, in such a low-concentrated and highly competitive market, no single equities exchange possesses significant pricing power in the execution of order flow. The Exchange in particular operates a ''Maker-Taker'' model whereby it pays credits to members that add liquidity and assesses fees to those that remove liquidity. The Exchange's Fees Schedule sets forth the standard rebates and rates applied per share for orders that provide and remove liquidity, respectively. Particularly, for securities at or above $1.00, the Exchange provides a standard rebate of $0.0017 per share for orders that add liquidity and assesses a fee of $0.0027 per share for orders that remove liquidity, and for securities below $1.00, the Exchange provides a standard rebate of $0.00003 per share for orders that add liquidity and assesses a standard fee of 30% of dollar value per share for orders that remove liquidity. 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. Accordingly, competitive forces constrain the Exchange's transaction fees, and market participants can readily trade on competing venues if they deem pricing levels at those other venues to be more favorable. In response to the competitive environment, the Exchange also offers tiered pricing which provides Members opportunities to qualify for higher rebates or reduced fees where certain volume criteria and thresholds are met. Tiered pricing provides incremental incentives for Members to strive for higher or different tier levels by offering increasingly higher discounts or enhanced benefits for satisfying increasingly more stringent criteria or different criteria. Pursuant to footnote 1 of the Fees Schedule, the Exchange currently offers Add Volume Tiers (tiers 1 through 4, plus five various additional tiers) that provide Members an opportunity to receive an enhanced rebate from the standard fee assessment for liquidity adding orders that yield fee codes ''B'',[6] ''V'',[7] ''Y'',[8] ''3'',[9] and ''4''.[10] The Add Volume Tiers currently offer nine different tiers that vary in levels of criteria difficulty and incentive opportunities in which Members may qualify for enhanced rebates for such orders. For example, Tier 4 currently provides an enhanced rebate of $0.0029 for qualifying, liquidity adding orders (*i.e.* yielding fee codes B, V, Y, 3, or 4) for Members who have an ADV[11] of greater than or equal to 0.70% of the TCV.[12]

Moreover, the Exchange notes that the competition for Retail Order flow is particularly intense, especially as it relates to exchange versus off-exchange venues, as prominent retail brokerages tend to route a majority of their limit orders to off-exchange venues.[13] This competition is particularly acute for non-marketable Retail Orders, *i.e.,* Retail Orders that provide liquidity, and even more fiercely for non-marketable Retail Orders that provide displayed liquidity on an exchange. Accordingly, competitive forces compel the Exchange to use exchange transaction fees and credits, particularly as they relate to competing for Retail Order flow, because market participants can readily trade on competing venues if they deem pricing levels at those other venues to be more favorable. Pursuant to footnote 3 of the Fees Schedule, the Exchange currently offers Retail Volume Tiers which provide Members an opportunity to receive an enhanced rebate from the standard fee assessment for Retail Orders[14] that add liquidity (*i.e.,* yielding fee code ''ZA''[15]). Currently, the Retail Volume Tiers offer two levels of criteria difficulty and incentive opportunities in which Members may qualify for enhanced rebates for Retail Orders.

The tier structures described above are designed to encourage Members to increase their order flow (adding and removing or Retail) in order to receive an enhanced rebate on their liquidity adding orders, and the Exchange now proposes to amend Add Volume Tier 4, as well as add an additional Add Volume Tier (Growth Tier 3) in footnote 1 and an additional Retail Volume Tier (Retail Volume Tier 3) in footnote 3 of the Fees Schedule.

First, the proposed rule change amends Add Volume Tier 4 (as

[4] The Exchange initially filed the proposed fee changes on June 1, 2020 (SR–CboeEDGX–2020–024). On June 2, 2020, the Exchange withdrew that filing and submitted this filing.

[5] *See* Cboe Global Markets, U.S. Equities Market Volume Summary, Month-to-Date (May 27, 2020), available at *https://markets.cboe.com/us/equities/market_statistics/.*

[6] Appended to orders that add liquidity to EDGX (Tape B) and offered a rebate of $0.0017 per share.

[7] Appended to orders that add liquidity to EDGX (Tape A) and offered a rebate of $0.0017 per share.

[8] Appended to orders that add liquidity to EDGX (Tape C) and offered a rebate of $0.0017 per share.

[9] Appended to orders that add liquidity to EDGX pre and post market (Tape A or C) and offered a rebate of $0.0017 per share.

[10] Appended to orders that add liquidity to EDGX pre and post market (Tape B) and offered a rebate of $0.0017 per share.

[11] ''ADV'' means average daily volume calculated as the number of shares added to, removed from, or routed by, the Exchange, or any combination or subset thereof, per day. ADV is calculated on a monthly basis.

[12] ''TCV'' means total consolidated volume calculated as the volume reported by all exchanges and trade reporting facilities to a consolidated transaction reporting plan for the month for which the fees apply.

[13] *See* Securities Exchange Release No. 86375 (July 15, 2019), 84 FR 34960 (SR–CboeEDGX–2019–045).

[14] *See* EDGX Rule 11.21(a)(1). A ''Retail Order'' is an agency or riskless principal order that meets the criteria of FINRA Rule 5320.03 that originates from a natural person and is submitted to the Exchange by a Retail Member Organization, provided that no change is made to the terms of the order with respect to price or side of market and the order does not originate from a trading algorithm or any other computerized methodology. See EDGX Rule 11.21(a)(2). Retail Orders are submitted by a ''Retail Member Organization'' or ''RMO'', which is a member (or a division thereof) that has been approved by the Exchange to submit such orders.

[15] Appended to Retail Orders that add liquidity to EDGX and offered a rebate of $0.0032 per share.

described in the example above) so that a Member may receive the current enhanced rebate of $0.0029 for qualifying, liquidity adding orders if that Member has an ADV that is greater than or equal to 0.65% of the TCV. The proposed criteria change is designed to incentivize Members to continue to submit order flow to the Exchange in order to receive an enhanced rebate on their liquidity adding orders, by making Tier 4 criteria easier to achieve. Instead of meeting a 0.70% ADV threshold of the TCV, the proposed change eases the threshold five basis points to 0.65% of the TCV. As a result of the proposed ease in criteria, Members will be further incentivized to submit order flow to receive the enhanced rebate provided under Tier 4 for their qualifying orders. The Exchange notes that Tier 4, as amended, will continue to be available to all Members and is competitively achievable for all Members that submit an overall ADV as the requisite threshold of TCV (both adding and removing order flow), in that, all firms that submit the requisite order flow will continue to be able to compete to meet the tier.

Second, the Exchange proposes to add Growth Tier 3 to the Add Volume Tiers and Retail Volume Tier 3 to the Retail Volume Tiers. Pursuant to both additional proposed tiers, Members will be able to receive an enhanced rebate if they have a Retail Step-Up Add (*i.e.,* yielding fee code ZA [16]) TCV [17] from May 2020 that is greater or equal to 0.10%. A Member that meets such criteria will receive an enhanced rebate of $0.0027 on qualifying orders (B, V, Y, 3, and 4) pursuant to proposed Growth Tier 3 and/or an enhanced rebate of $0.0037 on qualifying orders (ZA) pursuant to proposed Retail Volume Tier 3. The proposed criteria under the additional tiers is designed to encourage growth in retail order flow (*i.e.,* Members must increase their relative liquidity each month over a predetermined baseline (in this case the month being May 2020)). The Exchange notes that the proposed tier is available to all Retail Member Organizations (''RMOs'') and is competitively achievable for all RMOs that submit liquidity adding retail order flow, in that, all firms that submit the requisite liquidity adding retail order flow could compete to meet the tier.

The Exchange believes the proposed opportunity to receive an enhanced rebate on qualifying orders for (1) liquidity adding and removing orders and (2) Retail Orders incentivizes an increase in overall order flow to the Book. It provides liquidity adding Members on the Exchange a further incentive to contribute to a deeper, more liquid market, and liquidity executing Members on the Exchange a further incentive to increase transactions and take execution opportunities provided by such increased liquidity, together providing for overall enhanced price discovery and price improvement opportunities on the Exchange. As such, this benefits all Members by contributing towards a robust and well-balanced market ecosystem.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,[18] in general, and furthers the objectives of Section 6(b)(4),[19] in particular, as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and issuers and other persons using its facilities. The Exchange also believes that the proposed rule change is consistent with the objectives of Section 6(b)(5) [20] requirements that the rules of an exchange be 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 mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest, and, particularly, is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

As described above, the Exchange operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or incentives to be insufficient. The proposed rule change reflects a competitive pricing structure designed to incentivize market participants to direct their order flow to the Exchange, which the Exchange believes would enhance market quality to the benefit of all Members.

In particular, the Exchange believes the proposed tiers are reasonable because they either amend an existing opportunity to make it easier to reach or provide an additional opportunity for Members to receive an enhanced rebate on qualifying orders by means of liquidity adding orders and removing or Retail Orders. The Exchange notes that relative volume-based incentives and discounts have been widely adopted by exchanges,[21] including the Exchange,[22] and are reasonable, equitable and non-discriminatory because they are open to all members on an equal basis and provide additional benefits or discounts that are reasonably related to (i) the value to an exchange's market quality and (ii) associated higher levels of market activity, such as higher levels of liquidity provision and/or growth patterns. Additionally, as noted above, the Exchange operates in a highly competitive market. The Exchange is only one of several equity venues to which market participants may direct their order flow, and it represents a small percentage of the overall market. It is also only one of several maker-taker exchanges. Competing equity exchanges offer similar tiered pricing structures to that of the Exchange, including schedules of rebates and fees that apply based upon members achieving certain volume and/or growth thresholds. These competing pricing schedules, moreover, are presently comparable to those that the Exchange provides, including the pricing of comparable tiers.[23]

The Exchange believes the proposed modification to ease the criteria under Add Volume Tier 4, by decreasing the threshold of ADV to TCV is a reasonable means to further incentivize Members to increase their total order flow to the Exchange by encouraging those

[16] Appended to Retail Orders that add liquidity to EDGX and offered a rebate of $0.0032 per share.

[17] ''Step-Up Add TCV'' means ADAV as a percentage of TCV in the relevant baseline month subtracted from current ADAV as a percentage of TCV. ''ADAV'' means ADAV means average daily added volume calculated as the number of shares added per day. ADAV is calculated on a monthly basis.

[18] 15 U.S.C. 78f.

[19] 15 U.S.C. 78f(b)(4).

[20] 15 U.S.C. 78f.(b)(5).

[21] *See e.g.,* Nasdaq PSX Price List, Rebate to Add Displayed Liquidity (Per Share Executed), which provides rebates to members for adding displayed liquidity over certain thresholds of TCV ranging between $0.0020 and $0.0026; Cboe BZX U.S. Equities Exchange Fee Schedule, Footnote 1, Add Volume Tiers, which provides similar incentives for liquidity adding orders and offers rebates ranging between $0.0018 and $0.0032; Nasdaq Price List, Rebate to Add Displayed Designated Retail Liquidity, which offer rebates of $0.00325 and $0.0033 for Add Displayed Designated Retail Liquidity.

[22] *See generally,* Cboe EDGX U.S. Equities Exchange Fee Schedule, Footnote 1, Add Volume Tiers, which provides incentives for ADV/ADAV order flow as a percentage of TCV and for criteria based on certain other threshold components (*i.e.* Step-Up Add TCV, average OCV, and AIM and Customer orders); and Footnote 3, Retail Volume Tiers, which provides incentives for Retail Step-Up Add TCV and Retail Order ADV as a percentage of TCV.

[23] *See supra* note 20.

Members who could not previously achieve Tier 4 to strive, instead, for the proposed lower ADV percentage of the TCV to receive the same rebate. Likewise, the Exchange believes that the proposed criteria for the new Growth Tier 3 and Retail Volume Tier 3 is a reasonable means to encourage Members to grow their overall liquidity adding Retail Orders as it provides an additional opportunity for Members to receive an enhanced rebate on various qualifying orders (B,V,Y, 3, and 4 under Growth Tier 3 and ZA under Retail Volume Tier 3) based on increases in their add retail volume by a modest amount since May 2020. Moreover, the Exchange believes the proposed tiers are reasonable because they are designed to encourage overall order flow, that is, both adding and removing orders as a result of proposed Add Volume Tier 4 and Retail Orders as a result of proposed Growth Tier 3 and Retail Volume Tier 3. Indeed, the Exchange notes that greater add volume order flow provides for deeper, more liquid markets and execution opportunities, and greater remove volume order flow increases transactions on the Exchange, which incentivizes liquidity providers to submit additional liquidity and execution opportunities, thus, providing an overall increase in price discovery and transparency on the Exchange. Also, an increase in Retail Order flow, which generally are submitted in smaller sizes, tends to attract Market-Makers, as smaller size orders are easier to hedge. Increased Market-Maker activity facilitates tighter spreads, signaling additional corresponding increase in order flow from other market participants, which contributes towards a robust, well-balanced market ecosystem. Increased overall order flow benefits all investors by deepening the Exchange's liquidity pool, potentially providing even greater execution incentives and opportunities, offering additional flexibility for all investors to enjoy cost savings, supporting the quality of price discovery, promoting market transparency and improving investor protection.

Further, the Exchange believes that the proposed rule changes are reasonable as they do not represent a significant departure from the current criteria or enhanced rebates currently offered in the Fees Schedule. The proposed criteria under Add Volume Tier 4 remains in line with the incremental increases in ADV as a percentage of TCV from Tier 1 through Tier 3 (where Tier 1 provides for 20%, Tier 2 for 30%, and Tier 3 for 40%). Also, the proposed criteria in Growth Tier 3 poses an incremental increase in difficulty from Growth Tier 2 (which may be met if a Member adds an ADV greater than or equal to 0.20% of the TCV, and has a Step-Up Add TCV from March 2019 of greater than or equal to 0.10%) as the sum of Retail Orders as a Step-Up component present a more narrow, thus more difficult, type of order flow that must meet threshold in total. As such, the Exchange believes the enhanced rebate of $0.0027 offered under proposed Growth Tier 3, over the $0.0026 enhanced rebate offered under Growth Tier 2, is a reasonable increase. Likewise the proposed criteria under Retail Tier 3 is of comparable difficulty to the criteria under Retail Tier 2 (which may be met if a Member adds a Retail Order ADV greater than or equal to 0.50% of the TCV) therefore it is reasonable to offer the same enhanced rebate of $0.0037 across the two tiers.

The Exchange believes that the proposal represents an equitable allocation of rebates and is not unfairly discriminatory because all Members will continue to be eligible for Add Volume Tier 4, as amended, and all RMOs will be eligible for Growth Tier 3 and Retail Volume Tier 3. The proposed tiers are designed as an incentive to any and all Members or RMOs, as applicable, interested in meeting the tier criteria to submit additional adding and removing, or Retail, order flow to the Exchange. Each will have the opportunity to submit the requisite order flow and will receive the applicable enhanced rebate if the tier criteria is met. The Exchange additionally notes that while the proposed Growth and Retail Volume tiers are applicable only to RMOs, the Exchange does not believe this application is discriminatory as the Exchange offers similar rebates to non-RMO order flow.[24]

Without having a view of activity on other markets and off-exchange venues, the Exchange has no way of knowing whether this proposed rule change would definitely result in any Members qualifying for the proposed tiers. While the Exchange has no way of predicting with certainty how the proposed tiers will impact Member activity, the Exchange anticipates that at least two Members will be able to compete for and reach each of the proposed tiers. The Exchange anticipates that multiple Member types will compete to reach the proposed tiers, broker-dealers and liquidity providers, each providing distinct types of order flow to the Exchange to the benefit of all market participants. The Exchange also notes that the proposed tiers will not adversely impact any Member's pricing or their ability to qualify for other rebate tiers. Rather, should a Member not meet the proposed criteria for a proposed tier, the Member will merely not receive the corresponding enhanced rebate. Furthermore, the proposed fees would uniformly apply to all Members that meet the required criteria per each respective tier (Add Volume Tier 4, Growth Tier 3, and/or Retail Volume Tier 3).

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

The Exchange does not believe that the proposed rule change will impose any burden on intramarket or intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. Rather, as discussed above, the Exchange believes that the proposed change would encourage the submission of additional order flow to a public exchange, thereby promoting market depth, execution incentives and enhanced execution opportunities, as well as price discovery and transparency for all Members. As a result, the Exchange believes that the proposed change furthers the Commission's goal in adopting Regulation NMS of fostering competition among orders, which promotes "more efficient pricing of individual stocks for all types of orders, large and small." [25]

The Exchange believes the proposed rule change does not impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. Particularly, the proposed change applies to all Members or RMOs, as applicable, equally in that all Members or RMOs, as applicable, are eligible for the proposed tiers, have a reasonable opportunity to meet the tiers' criteria and will all receive the proposed rebates if such criteria is met. As indicated above, the Exchange does not believe that offering RMOs, specifically, opportunities to meet certain tier criteria for enhanced rebates imposes a burden on intramarket competition as the Exchange offers many similar rebate opportunities for non-RMOs.[26] Overall, the proposed change is designed to attract additional order flow to the Exchange. The Exchange believes that the modified tier

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[24] Such as the nine other Add Volume Tiers and the Tape B Volume Tier which provide opportunities to all Members to submit the requisite order flow to receive an enhanced rebate.

[25] Securities Exchange Act Release No. 51808, 70 FR 37495, 37498–99 (June 29, 2005) (S7–10–04) (Final Rule).

[26] *See supra* note 23.

criteria would incentivize market participants to direct liquidity removing order flow to the Exchange and, as a result, increase execution opportunities, which would further incentivize the provision of liquidity and continued order flow and improve price transparency on the Exchange. Greater overall order flow and pricing transparency benefits all market participants on the Exchange by generally providing more trading opportunities, enhancing market quality, and continuing to encourage Members to send orders, thereby contributing towards a robust and well-balanced market ecosystem, which benefits all market participants.

Next, the Exchange believes the proposed rule change does not impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. As previously discussed, the Exchange operates in a highly competitive market. Members have numerous alternative venues that they may participate on and direct their order flow, including 12 other equities exchanges and off-exchange venues and alternative trading systems. Additionally, the Exchange represents a small percentage of the overall market. Based on publicly available information, no single equities exchange has more than 17% of the market share.[27] Therefore, no exchange possesses significant pricing power in the execution of order flow. Indeed, participants can readily choose to send their orders to other exchange and off-exchange venues if they deem fee levels at those other venues to be more favorable. Moreover, 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.'' [28] The fact that this market is competitive has also long been recognized by the courts. In *NetCoalition* v. *Securities and Exchange Commission*, the D.C. Circuit stated as follows: ''[n]o one disputes that competition for order flow is 'fierce.' . . . As the SEC explained, '[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution'; [and] 'no exchange can afford to take its market share percentages for granted' because 'no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers' . . . .''.[29] Accordingly, the Exchange does not believe its proposed fee change imposes any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from Members or other interested parties.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act [30] and paragraph (f) of Rule 19b–4 [31] thereunder. 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.* Please include File Number SR–CboeEDGX–2020–025 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–CboeEDGX–2020–025. 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–CboeEDGX–2020–025, and should be submitted on or before July 9, 2020.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[32]

J. Matthew DeLesDernier,

Assistant Secretary.

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[27] *See supra* note 4.

[28] See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005).

[29] *NetCoalition* v. *SEC*, 615 F.3d 525, 539 (D.C. Cir. 2010) (quoting Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770, 74782–83 (December 9, 2008) (SR–NYSEArca–2006–21)).

[30] 15 U.S.C. 78s(b)(3)(A).

[31] 17 CFR 240.19b–4(f).

[32] 17 CFR 200.30–3(a)(12).