

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

Written comments were neither solicited nor received.

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

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) By order approve or disapprove such proposed rule change, or
- (B) institute proceedings to determine whether the proposed rule change should be disapproved.

**IV. Solicitation of Comments**

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

*Electronic Comments*

- Use the Commission's internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-FINRA-2020-038 on the subject line.

*Paper Comments*

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.
- All submissions should refer to File Number SR-FINRA-2020-038. 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 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal office of FINRA. 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-FINRA-2020-038 and should be submitted on or before November 27, 2020.

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

**J. Matthew DeLesDernier,**

*Assistant Secretary.*

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-90307; File No. SR-NYSE-2020-88]

**Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend its Price List**

November 2, 2020.

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 October 20, 2020, 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 its Price List to reduce the gross FOCUS fee charged to member organizations, effective January 1, 2021. The proposed

rule change is available on the Exchange's website at [www.nyse.com](http://www.nyse.com), at the principal office of the Exchange, and at the Commission's Public Reference Room.

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

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

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

**1. Purpose**

The Exchange proposes to amend its Price List to reduce the gross FOCUS fee from \$0.12 per \$1,000 Gross FOCUS Revenue to \$0.11 per \$1,000 Gross FOCUS Revenue, effective January 1, 2021.<sup>4</sup>

**Background**

Rule 129 provides that the Exchange's Board may, from time to time, impose such charge or charges on members and member organizations as it deems appropriate to reimburse the Exchange, in whole or in part, for regulatory oversight services provided to the membership by the Exchange. Generally, the Exchange may only use regulatory fees "to fund the legal, regulatory and surveillance operations" of the Exchange.<sup>5</sup>

Consistent with the foregoing, the Exchange currently charges each member organization a monthly regulatory fee of \$0.12 per \$1,000 of gross revenue reported on its FOCUS Report ("Gross FOCUS Fee").<sup>6</sup> Member

<sup>4</sup> The Exchange proposes to immediately reflect the proposed change in its Price List but not implement the proposed rate change until January 1, 2021.

<sup>5</sup> See Thirteenth Amended and Restated Operating Agreement of New York Stock Exchange LLC, Art. IV, Sec. 4.05, available at [https://www.nyse.com/publicdocs/nyse/regulation/nyse/Thirteenth\\_Amended\\_and\\_Restated\\_Operating\\_Agreement\\_of\\_New\\_York\\_Stock\\_Exchange\\_LLC.pdf](https://www.nyse.com/publicdocs/nyse/regulation/nyse/Thirteenth_Amended_and_Restated_Operating_Agreement_of_New_York_Stock_Exchange_LLC.pdf). The Exchange considers surveillance operations of its member organizations part of regulatory operations.

<sup>6</sup> FOCUS is an acronym for Financial and Operational Combined Uniform Single Report.

<sup>32</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.

organizations are subject to certain minimum annual Gross FOCUS Fees, which are \$500 for carrying firms and designated market makers (“DMMs”), \$250 for introducing firms, and \$45 for member organizations who do not conduct a public business. The revenue collected pursuant to the Gross FOCUS Fee funds the performance of the Exchange’s regulatory activities with respect to member organizations, including surveillance operations expenses. More specifically, the revenue generated by the Gross FOCUS Fee funds a material portion, but not all, of the Exchange’s expenses related to third-party service providers and technology and other expenses related to market surveillance.

The Exchange has sought to perform its regulatory functions in an effective and efficient manner. For example, beginning January 2021, the Exchange anticipates that it will have fully transitioned from its existing third-party surveillance system to a lower-cost, cloud-based surveillance solution. Consistent with these anticipated cost savings, the Exchange will be decreasing the Gross FOCUS Fee by approximately 8%.

#### Proposed Rule Change

Consistent with the anticipated reduced regulatory costs, the Exchange proposes to reduce the rate of the Gross FOCUS Fee by approximately 8% from \$0.12 per \$1,000 of gross revenue to \$0.11 per \$1,000 of gross revenue, effective January 1, 2021. The Exchange proposes this reduction to reflect cost savings associated with its move to more cost-effective surveillance and regulatory solutions. The Exchange notes that the Gross FOCUS Fee has remained unchanged since April 2013.<sup>7</sup>

The Exchange will continue to monitor the amount of revenue collected from the Gross FOCUS Fee to ensure that it, in combination with its other regulatory fees and fines, does not exceed regulatory costs. The Exchange expects to monitor regulatory costs and revenues on an annual basis, at a minimum. If the Exchange determines that regulatory revenues exceed regulatory costs, the Exchange would adjust the Gross FOCUS Fee downward by submitting a fee change filing to the Commission.

FOCUS Reports are filed periodically with the Securities and Exchange Commission (the “Commission” or “SEC”) as SEC Form X-17A-5 pursuant to Rule 17a-5 under the Act.

<sup>7</sup> See Securities Exchange Act Release No. 69101 (March 11, 2013), 78 FR 16551 (March 15, 2013) (SR-NYSE-2013-19).

#### 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6(b)<sup>8</sup> of the Act, in general, and Section 6(b)(4) and (5)<sup>9</sup> of the Act, in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges among its members and other persons using its facilities and does not unfairly discriminate between customers, issuers, brokers, or dealers.

##### The Proposal is Reasonable

The Exchange believes the proposed fee change is reasonable because it would help ensure that revenue collected from the Gross FOCUS Fee does not exceed a material portion of the Exchange’s regulatory costs. The Exchange has targeted the Gross FOCUS Fee to generate revenues that would be less than or equal to the Exchange’s regulatory costs, which is consistent with both Rule 129 and the Commission’s view that regulatory fees be used for regulatory purposes. As noted above, the principle that the Exchange may only use regulatory fees “to fund the legal, regulatory, and surveillance operations” of the Exchange is reflected in the Exchange’s operating agreement.<sup>10</sup> In this regard, the Gross FOCUS Fee has been calculated to recover a material portion, but not all, of the Exchange’s expenses related to third-party service providers and technology and other expenses related to market surveillance. The Exchange accordingly believes reducing the Gross FOCUS Fee is fair and reasonable.

##### The Proposal is an Equitable Allocation of Fees

The Exchange believes its proposal is an equitable allocation of fees among its market participants. The Exchange believes that the proposed Gross FOCUS Fee reduction would benefit all member organizations because all member organizations would pay the same rate per \$1,000 of gross revenue. For the same reasons, the proposed fee reduction neither targets nor will it have a disparate impact on any particular category of market participant. All similarly-situated member organizations would be eligible to qualify for the lower Gross FOCUS Fee. Thus, the Exchange believes the decreased Gross FOCUS Fee would be equitably allocated in that it is charged to all member organizations equally.

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

<sup>9</sup> 15 U.S.C. 78f(b)(4) and (5).

<sup>10</sup> See note 5, *supra*.

##### The Proposed Fee is not Unfairly Discriminatory

The Exchange believes that the proposal is not unfairly discriminatory. The proposed reduction of the Gross FOCUS Fee would benefit all similarly-situated market participants on an equal and non-discriminatory basis. Moreover, the proposal neither targets nor will it have a disparate impact on any particular category of market participant. The proposed fee change is designed to pass along regulatory cost savings, which would apply to and benefit all member organizations equally.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

*Intramarket Competition.* The Exchange believes the proposed fee change would not impose an undue burden on competition as it is charged to all member organizations to support the Exchange’s regulatory program, including its surveillance program. The Exchange believes that the proposed Gross FOCUS Fee would not place certain market participants at an unfair disadvantage because all member organizations would pay the same rate per \$1,000 of gross revenue. For the same reasons, the proposed fee reduction neither targets nor will it have a disparate impact on any particular category of market participant. All similarly-situated member organizations would be eligible to qualify for the lower Gross FOCUS Fee.

*Intermarket Competition.* The proposed fee change is not designed to address any competitive issues. Rather, the proposed change is designed to help the Exchange adequately fund its regulatory surveillance while seeking to ensure that total regulatory revenues do not exceed total regulatory costs.

#### 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>11</sup> of the Act and subparagraph (f)(2) of Rule 19b-4<sup>12</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>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-NYSE-2020-88 on the subject line.

#### Paper Comments

- Send paper comments in triplicate to: Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.
- All submissions should refer to File Number SR-NYSE-2020-88. 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-NYSE-2020-88 and should be submitted on or before November 27, 2020.

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

**J. Matthew DeLesDernier,**

*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-90309; File No. SR-NYSE-2020-87]

### Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing of Proposed Rule Change To Amend Rule 7.31

November 2, 2020.

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 ("Act")<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that on October 20, 2020, New York Stock Exchange LLC ("NYSE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend Rule 7.31 to (1) cancel ALO Orders that lock displayed interest and (2) add two new types of Self Trade Prevention modifiers. The proposed rule change is available on the Exchange's website at [www.nyse.com](http://www.nyse.com), at the principal office of the Exchange, and at the Commission's Public Reference Room.

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

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

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

##### 1. Purpose

The Exchange proposes to amend Rule 7.31 (Orders and Modifiers) to: (1) Provide that ALO Orders that lock displayed interest would be cancelled and (2) provide for two additional types of Self Trade Prevention Modifiers.

##### ALO Orders

The Exchange proposes to amend Rules 7.31(e)(2), which describes how the Exchange processes ALO Orders, and 7.31(e)(3)(D), which describes how the Exchange processes Day ISO ALO Orders. Currently, under Rule 7.31(e)(2)(B)(iii), an arriving ALO Order to buy (sell) with a limit price that would lock a displayed order priced equal to or below (above) the PBO (PBB) on the Exchange Book will be assigned a working price and display price one minimum price variation ("MPV") below (above) the displayed order. Day ISO ALO Orders that would lock displayed interest on the Exchange Book are processed in the same manner.<sup>4</sup> The Exchange proposes to amend these rules to provide that arriving ALO and Day ISO ALO Orders with a limit price that would lock displayed interest on the Exchange Book would be cancelled.

<sup>11</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>12</sup> 17 CFR 240.19b-4(f)(2).

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

<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>4</sup> See Rule 7.31(e)(3)(D)(ii).