

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-NYSEAMER-2023-22 and should be submitted on or before April 27, 2023.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁵

Sherry R. Haywood,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-97234; File No. SR-NYSEARCA-2023-28]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Modify the NYSE Arca Options Fee Schedule

March 31, 2023.

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 ("Act")² and Rule 19b-4 thereunder,³ notice is hereby given that, on March 24, 2023, NYSE Arca, Inc. ("NYSE Arca" or the "Exchange") filed with the Securities and Exchange Commission (the "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 modify the NYSE Arca Options Fee Schedule ("Fee Schedule") regarding (1) credits for Qualified Contingent Cross ("QCC") transactions, (2) fees applicable to routed orders, and (3) certain Market Maker incentives. The Exchange proposes to implement the fee changes effective March 24, 2023.⁴ The proposed rule change is available on the Exchange's website at www.nyse.com, at the principal office of the Exchange, and at the Commission's Public Reference Room.

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

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

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

1. Purpose

The purpose of this filing is to amend the Fee Schedule to (1) provide for additional credits to qualifying Submitting Brokers for QCC transactions⁵ and clarify the cap applicable to QCC credits and Floor Broker rebates earned through the Manual Billable Rebate Program ("FB Rebates"), (2) modify the Routing Fees applicable to routed orders, and (3) eliminate the Market Maker Incentive For Penny Issues and the Market Maker Incentive For Non-Penny Issues (collectively, the "Market Maker Incentives"). The Exchange proposes to

implement the rule change on March 24, 2023.

QCC Transaction Credits

Currently, the Exchange offers Submitting Brokers a credit of (\$0.22) per contract for Non-Customer vs. Non-Customer QCC transactions or (\$0.16) per contract for Customer vs. Non-Customer QCC transactions.⁶ QCC executions in which a Customer is on both sides of the QCC trade are not eligible for a credit.⁷

The Exchange proposes to offer additional credits on QCC transactions to Submitting Brokers that meet certain monthly volume thresholds. Submitting Brokers who achieve 1.5 million QCC contracts in a month will receive an additional (\$0.01) credit on Customer vs. Non-Customer QCC transactions, and an additional (\$0.03) credit on Non-Customer vs. Non-Customer QCC transactions. Submitting Brokers who achieve 3 million QCC contracts in a month will receive an additional (\$0.02) credit on Customer vs. Non-Customer QCC transactions, and an additional (\$0.06) credit on Non-Customer vs. Non-Customer QCC transactions. The proposed additional credits would be applicable back to the first QCC contract executed by a Submitting Broker in a month, but would not be cumulative across tiers (e.g., a Submitting Broker who transacts 3.1 million QCC contracts in a month would be eligible for an additional (\$0.02) credit on Customer vs. Non-Customer QCC transactions or an additional (\$0.06) credit on Non-Customer vs. Non-Customer QCC transactions, but would not also earn the additional credits offered to Submitting Brokers that achieve 1.5 million QCC contracts in a month). Although the Exchange cannot predict with certainty whether the proposed change would encourage Submitting Brokers to increase their QCC volume, the proposed change is intended to continue to incentivize additional QCC executions by Submitting Brokers by increasing the credits available on such orders.

Endnote 13 of the Fee Schedule currently provides that QCC executions in which a Customer is on both sides of the QCC trade will not be eligible for the Submitting Broker credit and that there is a \$375,000 maximum monthly credit per firm on QCC transactions by a Submitting Broker.⁸ The Exchange recently modified the Fee Schedule to

⁴ The Exchange originally filed to amend the Fee Schedule on March 1, 2023 (SR-NYSEARCA-2023-22), then withdrew such filing and amended the Fee Schedule on March 15, 2023 (SR-NYSEARCA-2023-25), which latter filing the Exchange withdrew on March 24, 2023.

⁵ A QCC Order is defined as an originating order to buy or sell at least 1,000 contracts that is identified as being part of a qualified contingent trade coupled with a contra-side order or orders totaling an equal number of contracts. See Rule 6.62P-O(g)(1)(A).

⁶ See Fee Schedule, QUALIFIED CONTINGENT CROSS ("QCC") TRANSACTION FEES AND CREDITS.

⁷ See *id.*

⁸ See Fee Schedule, Endnote 13.

¹⁵ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

provide that Submitting Broker QCC credits and Floor Broker rebates earned through the Manual Billable Rebate Program may not combine to exceed \$2,000,000 per month per firm (the "Monthly Credit and Rebate Cap").⁹ To improve the clarity of the Fee Schedule and obviate potential confusion regarding the applicability of the Monthly Credit and Rebate Cap, the Exchange proposes to delete the second sentence of Endnote 13 (which describes the \$375,000 maximum monthly credit on QCC transactions by a Submitting Broker), add new Endnote 17, and modify the table setting forth Submitting Broker QCC credits to reference Endnote 17. Endnote 17 would contain the same text already reflected in the Fee Schedule describing the Monthly Credit and Rebate Cap.¹⁰ The Exchange believes that Endnote 17 would add clarity to the Fee Schedule regarding the maximum amount that a firm could earn per month from Submitting Broker QCC credits and FB Rebates combined.

Routing Fees

The Exchange currently charges an \$0.11 per contract fee on orders routed and executed on another exchange, plus (i) any transaction fees assessed by the away exchange (calculated on an order-by-order basis since different away exchanges charge different amounts) or (ii) if the actual transaction fees assessed by the away exchange(s) cannot be determined prior to the execution, the highest per contract charge assessed by the away exchange(s) for the relevant option class and type of market participant (e.g., Customer, Firm, Broker/Dealer, Professional Customer or Market Maker).¹¹ The Exchange applies the Routing Fees in addition to any customary execution fees applicable to the order.

The Exchange now proposes to modify the Routing Fees to be based on whether the routed order is in a Penny or non-Penny issue and to establish a single fee that would be applicable to all routed orders in Penny issues, and a single fee for routed orders in non-Penny issues. Specifically, the Exchange proposes that the fee for routed orders would be set at a fixed amount intended to counterbalance the internal resources

required to support the handling of orders routed away from the Exchange. The Exchange proposes to implement a flat fee structure for routing fees, which the Exchange believes would streamline the process of calculating fees applied to orders routed away from the Exchange because it would, among other things, reduce the administrative burden of recalibrating routing fees each time an away exchange modifies its relevant transaction fees. Accordingly, the Exchange proposes a Routing Fee of \$0.61 in Penny issues, and \$1.21 in non-Penny issues. The Exchange believes that having a single published rate for all routed orders in Penny issues and single published rate for all routed orders in non-Penny issues would also reduce potential confusion relating to the amount of the Routing Fee for a given order (particularly in light of the variability in transaction fees across other options markets) and would permit market participants to determine execution costs at the time of order entry, thereby promoting clarity and transparency in the Fee Schedule. The Exchange believes the proposed routing fee structure is not novel, as at least one other options exchange similarly applies fixed routing fees based on whether the routed order is in a Penny or non-Penny issue, and that the proposed amounts of the fees are within the range of fees applied by other markets to routed orders.¹²

Market Maker Incentives

The Exchange currently offers a Market Maker Incentive For Penny Issues, which provides an enhanced posting credit of \$0.41 applied to electronic executions of Market Maker posted interest in Penny issues to Market Makers that achieve the volume requirement of at least 0.75% TCADV from Customer posted interest in all issues and an ADV from Market Maker posted interest in all issues other than SPY equal to 0.40% of TCADV.

The Exchange also offers a similar Market Maker Incentive For Non-Penny Issues. Market Makers that meet the volume requirement of either (1) at least 0.55% of TCADV from Market Maker

posted interest in all issues, or (2) at least 1.60% of TCADV from all interest in all issues, all account types, with at least 0.15% of TCADV from Market Maker posted interest in all issues qualify for a \$0.55 credit applied to electronic executions of Market Maker posted interest in non-Penny issues.

The Exchange now proposes to eliminate the Market Maker Incentives because they have not been as effective in encouraging Market Maker posted interest as other similar incentive programs. Market Makers are entitled to the highest credit on posted interest they achieve, and because the Market Maker Incentives have similar qualifying criteria but offer lower credit amounts than other volume incentive programs available to Market Makers (such as the Market Maker Penny and SPY Posting Credit Tiers or the Non-Customer, Non-Penny Posting Credit Tiers),¹³ Market Makers have availed themselves of the Market Maker Incentives less frequently. Accordingly, the Exchange believes that Market Makers would not be significantly impacted by the elimination of the Market Maker Incentives, as the programs generally provided benefits that were superseded by the incentives available through other, more utilized volume incentive programs (which would continue to be available to Market Makers).

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,¹⁴ in general, and furthers the objectives of Sections 6(b)(4) and (5) of the Act,¹⁵ 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

The Exchange operates in a highly competitive market. 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

⁹ See Fee Schedule, FLOOR BROKER FIXED COST PREPAYMENT INCENTIVE PROGRAM (the "FB Prepay Program").

¹⁰ The Exchange also proposes a conforming change to delete the text describing the Monthly Credit and Rebate Cap in the section of the Fee Schedule setting forth the Floor Broker Fixed Cost Prepayment Incentive Program and add a reference to Endnote 17, as proposed.

¹¹ See Fee Schedule, ROUTING FEES.

¹² See, e.g., BOX Options Exchange Fee Schedule, available at: <https://boxexchange.com/assets/BOX-Fee-Schedule-as-of-March-6-2023.pdf> (providing for fixed routing fees of \$0.60 per contract fee for customer orders in Penny classes and \$0.85 per contract fee for customer orders in non-Penny class); Cboe Exchange, Inc. Options Fee Schedule, available at: https://cdn.cboe.com/resources/membership/Cboe_FeeSchedule.pdf (providing, for example, Customer routing fees of \$0.75 for orders in Penny issues or \$1.25 for orders in non-Penny issues routed to certain away markets and Non-Customer routing fees of \$1.17 for all orders in Penny issues or \$1.45 for all orders in non-Penny issues routed away).

¹³ See Fee Schedule, MARKET MAKER PENNY AND SPY POSTING CREDIT TIERS & NON-CUSTOMER, NON-PENNY POSTING CREDIT TIERS.

¹⁴ 15 U.S.C. 78f(b).

¹⁵ 15 U.S.C. 78f(b)(4) and (5).

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.”¹⁶

There are currently 16 registered options exchanges competing for order flow. Based on publicly-available information, and excluding index-based options, no single exchange has more than 16% of the market share of executed volume of multiply-listed equity and ETF options trades.¹⁷ Therefore, no exchange possesses significant pricing power in the execution of multiply-listed equity and ETF options order flow. More specifically, in January 2023, the Exchange had less than 13% market share of executed volume of multiply-listed equity and ETF options trades.¹⁸

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 or reduce use of certain categories of products, in response to fee changes. Accordingly, competitive forces constrain options exchange transaction fees. Stated otherwise, modifications to exchange transaction fees can have a direct effect on the ability of an exchange to compete for order flow.

The Exchange believes that the proposed additional QCC credits are reasonable because they are designed to incent OTP Holders to increase the number of QCC transactions sent to the Exchange by offering increased credits on QCC transactions for Submitting Brokers that meet the qualifying volume thresholds. In addition, the Exchange believes it is reasonable to offer a higher additional credit on Non-Customer vs. Non-Customer QCC transactions than on Customer vs. Non-Customer QCC transactions because Non-Customer vs. Non-Customer QCC transactions are billable on both sides, whereas Customer vs. Non-Customer QCC transactions are billable on one side only. The Exchange also believes that modifying the Fee Schedule regarding the Monthly Credit and Rebate Cap is

reasonable because it would add clarity to the Fee Schedule regarding the maximum monthly amount that firms may earn from Submitting Broker QCC credits and FB Rebates combined. To the extent that the proposed change attracts more volume to the Exchange, this increased order flow would continue to make the Exchange a more competitive venue for order execution, which, in turn, promotes just and equitable principles of trade and removes impediments to and perfects the mechanism of a free and open market and a national market system. The Exchange notes that all market participants stand to benefit from any increase in volume entered by Submitting Brokers, which could promote market depth, facilitate tighter spreads and enhance price discovery, to the extent the proposed change encourages OTP Holders to utilize the Exchange as a primary trading venue, and may lead to a corresponding increase in order flow from other market participants. In addition, any increased liquidity on the Exchange would result in enhanced market quality for all participants.

The Exchange believes the proposed change to Routing Fees is reasonable because it would establish a single fee that would be applicable to all routed orders in Penny issues and a single fee that would be applicable to all routed orders in non-Penny issues, and such fees would be applicable to all market participants equally. In addition, the Exchange believes the proposed change is reasonable because it would provide for routing fees that would counterbalance the internal resources required to support the handling of orders routed away from the Exchange and would streamline the process of calculating routing fees by obviating the need to recalibrate fees based on individual away market fees (which are variable and subject to frequent change) and eliminating any potential confusion as to routing fees applicable to a given order. The Exchange also notes that a fixed fee structure for routing fees is not novel and that the amounts of the proposed Routing Fees are within the range of routing fees currently charged by other options exchanges.¹⁹

The Exchange believes that eliminating the Market Maker Incentives is reasonable because the programs have been underutilized in favor of incentive programs offering higher credits on posted interest, and the Exchange will continue to offer alternative incentives for Market Makers with similar qualifying bases and credits (including

the Market Maker Penny and SPY Posting Credit Tiers or the Non-Customer, Non-Penny Posting Credit Tiers). Accordingly, although Market Makers would no longer be able to qualify for credits through the Market Maker Incentives, they would still benefit from the availability of other similar incentive programs that have, to date, more successfully incentivized Market Maker posted interest.

Finally, to the extent the proposed change continues to attract greater volume and liquidity, the Exchange believes the proposed change would improve the Exchange’s overall competitiveness and strengthen its market quality for all market participants. In the backdrop of the competitive environment in which the Exchange operates, the proposed rule change is a reasonable attempt by the Exchange to increase the depth of its market and improve its market share relative to its competitors. The Exchange’s fees are constrained by intermarket competition, as OTP Holders may direct their order flow to any of the 16 options exchanges, including those offering rebates on QCC transactions.²⁰ Thus, OTP Holders have a choice of where they direct their order flow, including their QCC transactions. The proposed rule change is designed to continue to incent OTP Holders to direct liquidity and, in particular, QCC transactions to the Exchange. In addition, to the extent OTP Holders are incentivized to aggregate their trading activity at the Exchange, that increased liquidity could promote market depth, price discovery and improvement, and enhanced order execution opportunities for market participants.

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

The Exchange believes the proposed rule change is an equitable allocation of its fees and credits. The proposed QCC credits are based on the amount and type of business transacted on the

¹⁶ See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) (S7-10-04) (“Reg NMS Adopting Release”).

¹⁷ The OCC publishes options and futures volume in a variety of formats, including daily and monthly volume by exchange, available here: <https://www.theocc.com/Market-Data/Market-Data-Reports/Volume-and-Open-Interest/Monthly-Weekly-Volume-Statistics>.

¹⁸ Based on a compilation of OCC data for monthly volume of equity-based options and monthly volume of equity-based ETF options, *see id.*, the Exchange’s market share in equity-based options decreased from 13.06% for the month of January 2022 to 12.58% for the month of January 2023.

¹⁹ See note 12, *supra*.

²⁰ See, e.g., EDGX Options Exchange Fee Schedule, QCC Initiator/Solicitation Rebate Tiers (applying (\$0.14) per contract rebate up to 999,999 contracts for QCC transactions when only one side of the transaction is a non-customer or (\$0.22) per contract rebate up to 999,999 contracts for QCC transactions with non-customers on both sides); BOX Options Fee Schedule at Section IV.D.1. (QCC Rebate) (providing for (\$0.14) per contract rebate up to 1,499,999 contracts for QCC transactions when only one side of the QCC transaction is a broker-dealer or market maker or (\$0.22) per contract rebate up to 1,499,999 contracts for QCC transactions when both parties are a broker-dealer or market maker); Nasdaq ISE, Options 7, Section 6.B. (QCC Rebate) (offering rebates on QCC transactions of (\$0.14) per contract when only one side of the QCC transaction is a non-customer or (\$0.22) per contract when both sides of the QCC transaction are non-customers).

Exchange, and Submitting Brokers can attempt to submit QCC transactions to earn the credits or not. In addition, the proposed credits are equally available to all qualifying Submitting Brokers. The Exchange also believes the proposed changes regarding the Monthly Credit and Rebate Cap are equitable because they would add clarity and transparency to the Fee Schedule regarding the current maximum monthly amount that a firm could earn from combined Submitting Broker QCC credits and FB Rebates, thereby obviating potential confusion regarding the applicability of the Monthly Credit and Rebate Cap. To the extent the proposed changes continue to incent Submitting Brokers to direct increased liquidity to the Exchange, all market participants would benefit from enhanced opportunities for price improvement and order execution. Moreover, the proposed credits are designed to incent Submitting Brokers to encourage OTP Holders to aggregate their executions—including QCC transactions—at the Exchange as a primary execution venue. To the extent that the proposed change achieves its purpose in attracting more volume to the Exchange, this increased order flow would continue to make the Exchange a more competitive venue for, among other things, order execution. Thus, the Exchange believes the proposed rule change would improve market quality for all market participants on the Exchange and, as a consequence, attract more order flow to the Exchange, thereby improving market-wide quality and price discovery.

The Exchange also believes the proposed change to the Routing Fees is equitable because the proposed single fee for all routed orders in Penny issues and single fee for all routed orders in non-Penny issues would apply to all market participants equally and the proposed amounts are designed to offset internal resources necessary to support the handling of orders routed away from the Exchange. The proposed change would also streamline the process of calculating routing fees for all market participants and provide increased clarity regarding execution costs at the time of order entry.

The Exchange believes that the elimination of the Market Maker Incentives is equitable because these incentives, which did not achieve their intended purpose of encouraging Market Maker posted interest, would no longer be available to any Market Makers, and, moreover, the Exchange offers Market Makers alternative methods to achieve credits of an equal or higher amount.

The Proposed Rule Change Is Not Unfairly Discriminatory

The Exchange believes the proposed change is not unfairly discriminatory because the proposed credits on QCC transactions would be available to all qualifying Submitting Brokers on an equal and non-discriminatory basis. The proposed change is based on the amount and type of business transacted on the Exchange, and Submitting Brokers are not obligated to execute QCC transactions. Rather, the proposal is designed to encourage Submitting Brokers to increase QCC volume sent to the Exchange and to utilize the Exchange as a primary trading venue for all transactions (if they have not done so previously). To the extent that the proposed change attracts more QCC transactions to the Exchange, this increased order flow would continue to make the Exchange a more competitive venue for order execution. Thus, the Exchange believes the proposed rule change would improve market quality for all market participants on the Exchange and, as a consequence, attract more order flow to the Exchange, thereby improving market-wide quality and price discovery. The resulting increased volume and liquidity would provide more trading opportunities and tighter spreads to all market participants and thus would promote just and equitable principles of trade, remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, protect investors and the public interest.

The Exchange also believes that the proposed change to eliminate the Market Maker Incentives is also not unfairly discriminatory because the incentives, which were underutilized by Market Makers, would be eliminated in their entirety and would no longer be available to any Market Makers. In addition, Market Makers would continue to be eligible for alternative incentives currently available to them with similar credits and qualifying criteria. The Exchange also believes that the proposed changes to the Routing Fees are not unfairly discriminatory because the proposed fees are intended to assess streamlined routing fees in amounts that would appropriately account for the internal resources necessary to support orders routed away from the Exchange and would apply equally to all market participants' routed orders, based on whether such order is in a Penny or non-Penny issue. The proposed change would simplify the calculation of routing fees for all market participants and add clarity and

transparency to the Fee Schedule regarding the fees applicable to routed orders.

Thus, the Exchange believes that, to the extent the proposed rule change would continue to improve market quality for all market participants on the Exchange by promoting clarity and transparency in the Fee Schedule and attract more order flow to the Exchange, thereby improving market-wide quality and price discovery, the resulting increased volume and liquidity would provide more trading opportunities and tighter spreads to all market participants and thus would promote just and equitable principles of trade, remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, protect investors and the public interest.

Finally, the Exchange believes that it is subject to significant competitive forces, as described below in the Exchange's statement regarding the burden on competition.

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

In accordance with Section 6(b)(8) of the Act, the Exchange does not believe that the proposed rule change would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Instead, as discussed above, the Exchange believes that the proposed change would encourage the submission of additional liquidity to a public exchange, thereby promoting market depth, price discovery and transparency and enhancing order execution opportunities for all market 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 promotes "more efficient pricing of individual stocks for all types of orders, large and small."²¹

Intramarket Competition. The proposed change with respect to QCC credits is designed to attract additional order flow to the Exchange (particularly in QCC transactions), which could increase the volumes of contracts traded on the Exchange. Greater liquidity benefits all market participants on the Exchange, and increased QCC transactions could increase opportunities for execution of other trading interest. The proposed credit would be available to all similarly-situated Submitting Brokers that execute

²¹ See Reg NMS Adopting Release, *supra* note 16, at 37499.

QCC trades and achieve the volume thresholds for the additional credits. The Exchange does not believe that the proposed changes regarding Routing Fees or the Monthly Credit and Rebate Cap would impose any burden on competition that is not necessary or appropriate, as they are intended to add clarity and transparency to the Fee Schedule with respect to fees for orders routed away from the Exchange and the monthly cap on combined Submitting Broker QCC credits and FB Rebates earned by a firm. The Exchange also does not believe that the proposed changes to the Market Maker Incentives would impose any burden on intramarket competition that is not necessary or appropriate because the incentives would be eliminated for all Market Makers.

Intermarket Competition. The Exchange operates in a highly competitive market in which market participants can readily favor one of the 16 competing option exchanges if they deem fee levels at a particular venue to be excessive. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges and to attract order flow to the Exchange. Based on publicly-available information, and excluding index-based options, no single exchange has more than 16% of the market share of executed volume of multiply-listed equity and ETF options trades.²² Therefore, currently no exchange possesses significant pricing power in the execution of multiply-listed equity and ETF options order flow. More specifically, in January 2023, the Exchange had less than 13% market share of executed volume of multiply-listed equity and ETF options trades.²³

The Exchange believes that the proposed rule change reflects this competitive environment because it modifies the Exchange's fees in a manner designed to continue to incent OTP Holders to direct trading interest (particularly QCC transactions) to the Exchange, to provide liquidity and to attract order flow. To the extent that Submitting Brokers are incentivized to utilize the Exchange as a primary trading venue for all transactions, all of

the Exchange's market participants should benefit from the improved market quality and increased opportunities for price improvement.

The Exchange does not believe that the proposed changes regarding Routing Fees or the Monthly Credit and Rebate Cap would impose any burden on competition that is not necessary or appropriate, as they are intended to improve the clarity and transparency of the Fee Schedule with respect to fees for orders routed away from the Exchange and the maximum monthly amount that a firm could earn from Submitting Broker QCC credits and FB Rebates combined. The Exchange also does not believe that the proposed elimination of the Market Maker Incentives would impose any burden on competition that is not necessary or appropriate because the incentives would no longer be available to any Market Makers, and the Exchange would continue to offer Market Makers similar, alternative incentives.

The Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues. In such an environment, the Exchange must continually review, and consider adjusting, its fees and credits to remain competitive with other exchanges. For the reasons described above, the Exchange believes that the proposed rule change reflects this competitive environment. The Exchange further believes that the proposed changes could promote competition between the Exchange and other execution venues, including those that currently offer similarly structured routing charges or that currently offer credits on QCC transactions, by encouraging additional orders (and, in particular, QCC transactions) to be sent to the Exchange for execution.²⁴

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)²⁵ of the Act and subparagraph (f)(2) of Rule 19b-4²⁶ 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)²⁷ 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 (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include File Number SR-NYSEARCA-2023-28 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.
- All submissions should refer to File Number SR-NYSEARCA-2023-28. 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 (<https://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

²² The OCC publishes options and futures volume in a variety of formats, including daily and monthly volume by exchange, available here: <https://www.theocc.com/Market-Data/Market-Data-Reports/Volume-and-Open-Interest/Monthly-Weekly-Volume-Statistics>.

²³ Based on a compilation of OCC data for monthly volume of equity-based options and monthly volume of equity-based ETF options, *see id.*, the Exchange's market share in equity-based options decreased from 13.06% for the month of January 2022 to 12.58% for the month of January 2023.

²⁴ See notes 12 & 20, *supra*.

²⁵ 15 U.S.C. 78s(b)(3)(A).

²⁶ 17 CFR 240.19b-4(f)(2).

²⁷ 15 U.S.C. 78s(b)(2)(B).

10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NYSEARCA-2023-28, and should be submitted on or before April 27, 2023.

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

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2023-07142 Filed 4-5-23; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 34873]

Deregistration Under Section 8(f) of the Investment Company Act of 1940

March 31, 2023.

AGENCY: Securities and Exchange Commission (“Commission” or “SEC”)

ACTION: Notice of applications for deregistration under Section 8(f) of the Investment Company Act of 1940.

The following is a notice of applications for deregistration under section 8(f) of the Investment Company Act of 1940 for the month of March 2023. A copy of each application may be obtained via the Commission’s website by searching for the applicable file number listed below, or for an applicant using the Company name search field, on the SEC’s EDGAR system. The SEC’s EDGAR system may be searched at <https://www.sec.gov/edgar/searchedgar/legacy/companysearch.html>. You may also call the SEC’s Public Reference Room at (202) 551-8090. An order granting each application will be issued unless the SEC orders a hearing. Interested persons may request a hearing on any application by emailing the SEC’s Secretary at Secretarys-Office@sec.gov and serving the relevant applicant with a copy of the request by email, if an email address is listed for the relevant applicant below, or personally or by mail, if a physical address is listed for the relevant applicant below. Hearing requests should be received by the SEC by 5:30

p.m. on April 25, 2023, and should be accompanied by proof of service on applicants, in the form of an affidavit or, for lawyers, a certificate of service. Pursuant to Rule 0-5 under the Act, hearing requests should state the nature of the writer’s interest, any facts bearing upon the desirability of a hearing on the matter, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the Commission’s Secretary at Secretarys-Office@sec.gov.

ADDRESSES: The Commission: Secretarys-Office@sec.gov.

FOR FURTHER INFORMATION CONTACT: Shawn Davis, Assistant Director, at (202) 551-6413 or Chief Counsel’s Office at (202) 551-6821; SEC, Division of Investment Management, Chief Counsel’s Office, 100 F Street NE, Washington, DC 20549-8010.

Destra Targeted Income Unit Investment Trust [File No. 811-22757]

Summary: Applicant, a unit investment trust, seeks an order declaring that it has ceased to be an investment company. On December 31, 2015, and April 15, 2022, applicant made liquidating distributions to its shareholders, based on net asset value. Expenses of \$75,000.00 incurred in connection with the liquidation were paid by the applicant. Applicant also has retained \$75,000 for the purpose of paying outstanding liabilities.

Filing Date: The application was filed on February 21, 2023.

Applicant’s Address: 901 Warrenville Road, Suite 15, Lisle, Illinois 60532.

FEG Absolute Access Fund I LLC [File No. 811-22527]

Summary: Applicant, a closed-end investment company, seeks an order declaring that it has ceased to be an investment company. On December 31, 2020, February 28, 2021, September 1, 2021, and January 3, 2023, applicant made liquidating distributions to its shareholders based on net asset value. Expenses of \$3,000 incurred in connection with the liquidation were paid by the applicant.

Filing Date: The application was filed on March 7, 2023.

Applicant’s Address: Joshua.deringer@faegredrinker.com.

FEG Absolute Access Fund LLC [File No. 811-22454]

Summary: Applicant, a closed-end investment company, seeks an order declaring that it has ceased to be an investment company. Applicant currently has fewer than 100 beneficial owners, is not presently making an

offering of securities and does not propose to make any offering of securities. Applicant will continue to operate as a private investment fund in reliance on Section 3(c)(1) of the Act.

Filing Date: The application was filed on March 7, 2023.

Applicant’s Address: Joshua.deringer@faegredrinker.com.

Lord Asset Management Trust [File No. 811-08348]

Summary: Applicant seeks an order declaring that it has ceased to be an investment company. On December 15, 2022, applicant made a liquidating distribution to its shareholders based on net asset value. Expenses of \$115,463.67 incurred in connection with the liquidation were paid by the applicant.

Filing Date: The application was filed on March 10, 2023.

Applicant’s Address: 425 South Financial Place, Suite 3900, Chicago, Illinois 60605.

Transamerica Asset Allocation Variable Funds [File No. 811-07717]

Summary: Applicant seeks an order declaring that it has ceased to be an investment company. On October 28, 2022, applicant made a liquidating distribution to its shareholders based on net asset value. Expenses of \$58,697.01 incurred in connection with the liquidation were paid by the issuer and depositor of the applicant.

Filing Dates: The application was filed on December 16, 2022, and amended on March 17, 2023.

Applicant’s Address: 1801 California Street, Suite 5200, Denver, Colorado 80202.

UBS Relationship Funds [File No. 811-09036]

Summary: Applicant seeks an order declaring that it has ceased to be an investment company. Expenses of \$5,500 incurred in connection with the liquidation were paid by the applicant.

Filing Dates: March 10, 2023.

Applicant’s Address: c/o UBS Asset Management (Americas) Inc., One North Wacker Drive, Chicago, Illinois 60606.

Zell Capital [File No. 811-23563]

Summary: Applicant, a closed-end investment company, seeks an order declaring that it has ceased to be an investment company. Applicant currently has fewer than 100 beneficial owners, is not presently making an offering of securities and does not propose to make any offering of securities. Applicant will continue to operate as a private investment fund in reliance on Section 3(c)(1) of the Act.

Filing Dates: The application was filed on February 24, 2023.

²⁸ 17 CFR 200.30-3(a)(12).