

Commission, 100 F Street NE, Washington, DC 20549-1090.

All submissions should refer to file number SR-NYSE-2024-17. 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 10 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-NYSE-2024-17 and should be submitted on or before April 18, 2024.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>16</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-99839; File No. SR-CBOE-2024-014]

### Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Update Its Fees Schedule in Connection With the Exchange's Plans To List and Trade Options That Overlie a Reduced Value of the MSCI World Index, the Full Value of the MSCI ACWI Index, and a Reduced Value of the MSCI USA Index

March 22, 2024.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on March 18, 2024, Cboe Exchange, Inc. (the "Exchange" or "Cboe Options") filed with the Securities and Exchange Commission ("SEC" or "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 Exchange, Inc. (the "Exchange" or "Cboe Options") proposes to update its Fees Schedule in connection with the Exchange's plans to list and trade options that overlie a reduced value of the MSCI World Index, the full value of the MSCI ACWI Index, and a reduced value of the MSCI USA Index. The text of the proposed rule change is provided in Exhibit 5.

The text of the proposed rule change is available on the Exchange's website (<http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx>), at the Exchange's Office of the 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 Fees Schedule in connection with its plans to list and trade options that overlie a reduced value of the MSCI World Index ("MXWLD options"), the full value of the MSCI ACWI Index ("MXACW options"), and a reduced value of the MSCI USA Index ("MXUSA options"), effective March 18, 2024.

##### Background

Each of the MSCI World, ACWI, and USA Indexes is a free float-adjusted market capitalization index designed to measure equity market performance throughout the world (MSCI World and ACWI Indexes) or the United States (MSCI USA Index). The MSCI World, ACWI, and USA Indexes are calculated by MSCI Inc. ("MSCI"), which is a provider of investment support tools.<sup>3</sup> Each of these indexes is calculated in U.S. dollars on a real-time basis from the open of the first market on which the components are traded to the closing of the last market on which the components are traded. The methodology used to calculate each index is similar to the methodology used to calculate the value of other benchmark market-capitalization weighted indexes (including the MSCI MXEA and MXEF Indexes, on which the Exchange may currently list options).<sup>4</sup>

MXACW options are options that are based on the value of the MSCI ACWI Index. The MSCI ACWI Index is a free float-adjusted market capitalization index that is designed to measure the equity performance of developed markets and emerging markets. The MSCI ACWI Index consists of component stocks from 23 developed markets<sup>5</sup> and 24 emerging markets.<sup>6</sup>

<sup>3</sup> See Rule 4.12(c).

<sup>4</sup> See Rule 4.10(h); see also Securities Exchange Act Release No. 74681 (April 8, 2015), 80 FR 20032 (April 14, 2015) (SR-CBOE-2015-023) (order approving proposed rule change to adopt rules to permit listing and trading of options on the MSCI EAFE Index ("MXEA options") and the MSCI EM Index ("MXEF options").

<sup>5</sup> These developed markets include Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom, and the United States.

<sup>6</sup> These emerging markets include Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece,

<sup>16</sup> 17 CFR 200.30-3(a)(12).

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

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

The MSCI ACWI Index consists of large- and mid-cap components across these markets, has 2,946 constituents, and covers approximately 85% of the global investable equity opportunity set.<sup>7</sup>

MSWLD options are options that are based on 1/100th of the value of the MSCI World Index. The MSCI World Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets. The MSCI World Index consists of component stocks from 23 developed markets.<sup>8</sup> The MSCI World Index consists of large- and mid-cap components across these markets, has 1,509 constituents, and covers approximately 85% of the free float-adjusted market capitalization in each country.<sup>9</sup>

MXUSA options are options that are based on 1/100th of the value of the MSCI USA Index. The MSCI USA Index is a free float-adjusted market capitalization index that is designed to measure the performance of the large- and mid-cap segments of the U.S. market. The MSCI USA Index consists of large- and mid-cap components from the United States, has 625 constituents, and covers approximately 85% of the free float-adjusted market capitalization in the United States.<sup>10</sup>

With a smaller index value, MXWLD and MXUSA options may be more accessible to a broad base of customers with diverse investment objectives, ranging from asset owners aiming to track benchmark index exposure, registered investment advisers in search of new sources of yield, or individual investors seeking straightforward exposure to options linked to global benchmark indices. The Exchange believes that MXWLD and MXUSA options, with a smaller index value, will attract a greater source of customer business and may enhance investors' opportunities to hedge, or speculate on, the market risk associated with the stocks comprising the MSCI World Index and MSCI USA Index, respectively. Additionally, the Exchange

Hungary, India, Indonesia, Korea, Kuwait, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Saudi Arabia, South Africa, Taiwan, Thailand, Turkey, and the United Arab Emirates.

<sup>7</sup> See MSCI ACWI Index fact sheet (dated November 30, 2023), available at MSCI ACWI Index.

<sup>8</sup> These developed markets include Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom, and the United States.

<sup>9</sup> See MSCI World Index fact sheet (dated November 30, 2023), available at MSCI World Index.

<sup>10</sup> See MSCI USA Index fact sheet (dated November 30, 2023), available at MSCI USA Index.

believes investors will benefit from the availability of MXWLD and MXUSA options, as investors will be able to use this trading vehicle while extending a smaller outlay of capital. The Exchange believes this may attract additional investors, and, in turn, create a more active and liquid trading environment.

The MSCI World Index, MSCI ACWI Index, and MSCI USA Index are calculated using methodology as the MSCI MXEA Index and the MSCI MXEF Index on which the Exchange currently lists options. The Exchange believes offering MXACW, MXWLD, and MXUSA options with similar terms as MXEA and MXEF options will benefit investors, as it will provide market participants with additional investment and hedging strategies consisting of options over each of these indexes.

The Exchange now proposes to amend its Fees Schedule to accommodate the planned listing and trading of MXACW, MXUSA, and MXWLD options. The Exchange notes that because MXEA, MXEF, MXACW, MXUSA, and MXWLD options are intended for the same investor-base, the majority of the proposed changes amend the Fees Schedule in connection with trading in MXACW, MXUSA, and MXWLD options in a manner that is generally consistent with the way in which existing transactions fees and programs currently apply to trading in MXEA and MXEF options, with slight differences to account for the lower spot value of underlying indexes of MXACW, MXUSA, and MXWLD options, as compared to the underlying indexes of MXEA and MXEF options.

#### Standard Transaction Rates and Surcharges

First, the Exchange proposes to adopt certain standard transaction fees in connection with MXWLD, MXACW, and MXUSA options. Specifically, the proposed rule change adopts certain fees for MXWLD, MXACW, and MXUSA options in the Rate Table for All Products Excluding Underlying Symbol A,<sup>11</sup> as follows:

- Adopts fee code CG, appended to all Customer (capacity "C") orders in MXWLD, MXACW, and MXUSA options and assesses a fee of \$0.05 per contract;<sup>12</sup>

<sup>11</sup> Underlying Symbol List A includes OEX, XEO, RUT, RLG, RLV, RUI, UKXM, SPX (includes SPXW), SPESG and VIX. See Exchange Fees Schedule, Footnote 34.

<sup>12</sup> Under the proposed changes, the Customer Large Trade Discount Program, set forth in the Exchange Fees Schedule, will apply to Customer orders in MXWLD, MXACW, and MXUSA (included in "Other Index Options" under the program). Under the program, a customer large trade discount program in the form of a cap on

- Adopts fee code MG, which is appended to all Market-Maker (capacity "M") orders in MXWLD, MXACW, and MXUSA options and assesses a fee of \$0.10 per contract;

- Adopts fee code FG, appended to all Firm (*i.e.*, Clearing Trading Permit Holders (capacity "F")) and Non-Clearing Trading Permit Holder Affiliates (capacity "L") orders in MXWLD, MXACW, and MXUSA options and assesses a fee of \$0.15 per contract;

- Adopts fee code BG, appended to all non-Customer, non-Market-Maker, non-Firm (*i.e.*, Broker-Dealers (capacity "B"), Joint Back-Offices (capacity "J"), Non-Trading Permit Holder Market-Makers (capacity "N"), and Professionals (capacity "U")) orders in MXWLD, MXACW, and MXUSA options and assesses a fee of \$0.20 per contract.

In addition to the above transaction fees, the proposed rule change also adopts certain surcharges to MXWLD and MXACW options transactions within the Rate Table—All Products Excluding Underlying Symbol List A. Currently, the MXEA and MXEF Index License Surcharge Fee assesses a \$0.12 charge for transactions in MXEA and MXEF options. The proposed rule change applies the MXEA and MXEF Index License Surcharge Fee to all Firm, Market-Maker and Non-Customer transactions in MXWLD and MXACW options and amends the fee name accordingly. The proposed rule change also adds MXWLD, MXACW, and MXUSA options to the list of options for which the FLEX Surcharge Fee of \$0.10 (capped at \$250 per trade) applies to electronic FLEX orders executed by all capacity codes, except for Cboe Compression Services ("CCS") and FLEX Micro transactions.<sup>13</sup>

#### Fees Programs

The Exchange proposes to exclude MXACW, MXUSA, and MXWLD options from the Liquidity Provider Sliding Scale, which offers credits on Market-Maker orders where a Market-Maker achieves certain volume thresholds based on total national Market-Maker volume in all underlying symbols, excluding Underlying Symbol List A, MRUT, NANOS, XSP, and FLEX Micros during the calendar month.

customer ("C" capacity code) transaction fees is in effect for the options set forth in the Customer Large Trade Discount table. For MXWLD, MXACW, and MXUSA options, regular customer transaction fees will only be charged for up to 5,000 contracts per order, similar to other index options other than VIX, SPX/SPXW, SPESG, and XSP.

<sup>13</sup> The FLEX Surcharge Fee will only be charged up to the first 2,500 contracts per trade. See Exchange Fees Schedule, Footnote 17.

Specifically, the proposed rule change updates the Liquidity Provider Sliding Scale table to provide that volume thresholds are based on total national Market-Maker volume in all underlying symbols excluding Underlying Symbol List A, MRUT, MXACW, MXUSA, MXWLD, NANOS, XSP, and FLEX Micros during the calendar month, and that it applies in all underlying symbols excluding Underlying Symbol List A, MRUT, MXACW, MXUSA, MXWLD, NANOS, XSP, and FLEX Micros. The proposed rule change also updates Footnote 10 (appended to the Liquidity Provider Sliding Scale) to provide that the Liquidity Provider Sliding Scale applies to Liquidity Provider (Exchange Market-Maker, DPM and LMM) transaction fees in all products except (1) Underlying Symbol List A, MRUT, MXACW, MXUSA, MXWLD, NANOS, XSP, and FLEX Micros, (2) volume executed in open outcry, and, and (3) volume executed via AIM Responses.

The proposed rule change updates the Volume Incentive Program (“VIP”) table to exclude MXWLD, MXACW, and MXUSA volume from the VIP, which currently offers a per contract credit for certain percentage threshold levels of monthly Customer volume in all underlying symbols, excluding Underlying Symbol List A, Sector Indexes, DJX, MRUT, MXEA, MXEF, NANOS, XSP and FLEX Micros. The proposed rule change also amends Footnote 36 (appended to the VIP table) to reflect the proposed exclusion of MXWLD, MXACW, and MXUSA from the VIP by providing (in relevant part) that: the Exchange shall credit each TPH the per contract amount resulting from each public customer (“C” capacity code) order transmitted by that TPH which is executed electronically on the Exchange in all underlying symbols excluding Underlying Symbol List A, Sector Indexes, DJX, MRUT, MXACW, MXEA, MXEF, MXUSA, MXWLD, NANOS, XSP, FLEX Micros, QCC trades, public customer to public customer electronic complex order executions, and executions related to contracts that are routed to one or more exchanges in connection with the Options Order Protection and Locked/Crossed Market Plan referenced in Rule 5.67, provided the TPH meets certain percentage thresholds in a month as described in the Volume Incentive Program (VIP) table; the percentage thresholds are calculated based on the percentage of national customer volume in all underlying symbols excluding Underlying Symbol List A, Sector Indexes, MRUT, MXACW, MXEA, MXEF, MXUSA, MXWLD, NANOS,

DJX, XSP, and FLEX Micros entered and executed over the course of the month; and in the event of a Cboe Options System outage or other interruption of electronic trading on Cboe Options, the Exchange will adjust the national customer volume in all underlying symbols excluding Underlying Symbol List A, Sector Indexes, MRUT, MXACW, MXEA, MXEF, MXUSA, MXWLD, NANOS, DJX, XSP, and FLEX Micros for the entire trading day.

The proposed rule change excludes MXACW, MXUSA, and MXWLD options from the list of products eligible to receive Break-Up Credits in orders executed in AIM, SAM, FLEX AIM, and FLEX SAM, by amending the Break-Up Credits table to exclude MXACW, MXUSA, and MXWLD along with the products currently excluded—Underlying Symbol List A, Sector Indexes, DJX, MRUT, MXEA, MXEF, NANOS, XSP and FLEX Micros.

The Exchange proposes to exclude MXACW, MXUSA, and MXWLD options from the Marketing Fee Program by updating the Marketing Fee table to provide that the marketing fee will be assessed on transactions of Market-Makers (including DPMs and LMMs), resulting from customer orders at the per contract rate provided above on all classes of equity options, options on ETFs, options on ETNs and index options, except that the marketing fee shall not apply to Sector Indexes, DJX, MRUT, MXEA, MXEF, MXACW, MXUSA, MXWLD, XSP, NANOS, FLEX Micros or Underlying Symbol List A. The Exchange notes that, in this way, MXACW, MXUSA, and MXWLD options will be treated as most of the Exchange’s other exclusively listed products that are currently excluded from the Marketing Fee Program. The Exchange does believe that it is necessary at the point of newly listing and trading for MXACW, MXUSA, and MXWLD options to be eligible for the Marketing Fee Program and may determine in the future to submit a fee filing to add MRUT to the Marketing Fee Program if the Exchange believes it would potentially generate more customer order flow in MXACW, MXUSA, and MXWLD options.

The proposed rule change also updates the Select Customer Options Reduction (“SCORE”) program table to include MXWLD, MXACW, and MXUSA volume in the SCORE program, which currently offers a per Retail contract discount for certain percentage threshold levels of monthly Retail,<sup>14</sup>

<sup>14</sup> For purposes of this program “Retail” orders will be defined as Customer orders for which the original order size (in the case of a simple order)

Non-FLEX Customer (“C” origin code) volume in the following options classes: SPX (including SPXW), VIX, RUT, MXEA, MXEF & XSP (“Qualifying Classes”). The SCORE program is available to any Trading Permit Holder (“TPH”) Originating Clearing Firm or non-TPH Originating Clearing Firm that sign up for the program.<sup>15</sup> The SCORE program utilizes Discount Tiers to determine the Originating Firm’s applicable corresponding discounts. To determine the Discount Tier, an Originating Firm’s Retail volume in the Qualifying Classes will be divided by total Retail volume in the Qualifying Classes executed on the Exchange. The program then provides a discount per retail contract, based on the determined Discount Tier thereunder. The proposed rule change also amends Footnote 48 (appended to the SCORE program table) to reflect the proposed inclusion of MXWLD, MXACW, and MXUSA in the SCORE program by providing (in relevant part) that: “Qualifying Classes” will be defined as SPX (including SPXW), VIX, RUT, MXEA, MXEF, MXWLD, MXACW & MXUSA.

The Exchange proposes to exclude MXACW, MXUSA, and MXWLD options from the Floor Broker Sliding Scale Rebate Program, which offers rebates for Firm Facilitated and non-Firm Facilitated orders that correspond to certain volume tiers and is designed to incentivize order flow in multiply-listed options to the Exchange’s trading floor. The Exchange proposes to update the Floor Broker Sliding Scale Rebate Program to provide that the Floor Broker Sliding Scale Rebate Program applies to all products except Underlying Symbol List A, Sector Indexes, DJX, MRUT, MXEA, MXEF, MXACW, MXUSA, MXWLD, NANOS, XSP and FLEX Micros.

The Exchange next proposes to exclude MXWLD, MXACW, and MXUSA options from eligibility for the Order Router Subsidy (“ORS”) and Complex Order Router Subsidy (“CORS”) Programs, in which Participating TPHs or Participating Non-Cboe TPHs may receive a payment from the Exchange for every executed contract routed to the Exchange through their system in certain classes. Specifically, the proposed rule change

or largest leg size (in the case of a complex order) is 100 contracts or less.

<sup>15</sup> For this program, an “Originating Clearing Firm” is defined as either (a) the executing clearing Options Clearing Corporation (“OCC”) number on any transaction which does not also include a Clearing Member Trading Agreement (“CMTA”) OCC clearing number or (b) the CMTA in the case of any transaction which does include a CMTA OCC clearing number.

updates the ORS/CORS Program tables to provide that ORS/CORS participants whose total aggregate non-customer ORS and CORS volume is greater than 0.25% of the total national volume (excluding volume in options classes included in Underlying Symbol List A, Sector Indexes, DJX, MRUT, MXACW, MXEA, MXEF, MXUSA, MXWLD, NANOS, XSP or FLEX Micros) will receive an additional payment for all executed contracts exceeding that threshold during a calendar month, and updates Footnotes 29<sup>16</sup> and 30 (appended to the ORS/CORS Program tables) to accordingly provide that Cboe Options does not make payments under the program with respect to executed contracts in options classes included in Underlying Symbols List A, Sector Indexes, DJX, MRUT, MXACW, MXEA, MXEF, MXUSA, MXWLD, NANOS, XSP or FLEX Micros.

The Exchange also proposes to amend Footnote 6, which states that in the event of an Exchange System outage or other interruption of electronic trading on the Exchange that lasts longer than 60 minutes, the Exchange will adjust the national volume in all underlying symbols excluding Underlying Symbol List A, Sector Indexes, MRUT, MXEA, MXEF, NANOS, DJX, XSP and FLEX Micros for the entire trading day. The Exchange proposes to add MXACW, MXUSA, and MXWLD options to the

list of options, similar to MXEA and MXEF options.

LMM Incentive Programs

Finally, the Exchange proposes to adopt financial programs in connection with MXACW, MXUSA, and MXWLD options for LMMs appointed to the programs (collectively, the “LMM Incentive Programs”).<sup>17</sup> Each LMM Incentive Program provides a rebate to TPHs with LMM appointments to the respective incentive program that meet certain quoting standards in the applicable series in a month. The Exchange notes that meeting or exceeding the quoting standards (as proposed; described in further detail below) in each of the LMM Incentive Program products to receive the applicable rebate (as proposed; described in further detail below) is optional for an LMM appointed to a program. Rather, an LMM appointed to an incentive program is eligible to receive the corresponding rebate if it satisfies the applicable quoting standards, which the Exchange believes encourages the LMM to provide liquidity in the applicable class and trading session. The Exchange may consider other exceptions to the programs’ quoting standards based on demonstrated legal or regulatory requirements or other mitigating circumstances. In calculating whether an LMM appointed to an incentive program meets the applicable program’s

quoting standards each month, the Exchange excludes from the calculation in that month the business day in which the LMM missed meeting or exceeding the quoting standards in the highest number of the applicable series. The heightened quoting requirements offered by each of the LMM Incentive Programs are designed to incentivize LMMs appointed to the LMM Incentive Programs to provide significant liquidity in MXACW, MXUSA, and MXWLD options during the trading day upon their listing and trading on the Exchange, which, in turn, would provide greater trading opportunities, added market transparency and enhanced price discovery for all market participants in MXACW, MXUSA, and MXWLD options.

The Exchange first proposes to adopt a MXACW LMM Incentive Program. As proposed, the MXACW LMM Incentive Program provides that if the LMM appointed to the MXACW LMM Incentive Program provides continuous electronic quotes during Regular Trading Hours that meet or exceed the proposed heightened quoting standards (below) in at least 90% of the series 90% of the time in a given month, the LMM will receive a payment for that month in the amount of \$10,000 (or prorated amount if an appointment begins after the first trading day of the month or ends prior to the last trading day of the month).

Premium level	Expiring		Near term		Mid term		Long term	
	6 days or less		7 days to 60 days		61 days to 270 days		271 days or greater	
	Width	Size	Width	Size	Width	Size	Width	Size
\$0.00–\$1.00 .....	\$0.35	10	\$0.25	20	\$0.40	10	\$0.50	5
\$1.01–\$2.00 .....	0.40	10	0.35	15	0.60	7	1.00	5
\$2.01–\$4.00 .....	0.90	7	0.40	15	1.00	5	2.00	5
\$4.01–\$8.00 .....	1.00	5	0.80	10	2.00	4	3.00	4
\$8.01–\$16.00 .....	2.50	3	1.30	5	3.50	3	5.00	3
\$16.01–\$32.00 .....	5.00	2	2.00	2	4.00	2	6.00	2
Greater than \$32.00 .....	10.00	2	8.00	2	10.00	2	12.00	2

The proposed rule change also adopts a performance payment under the MXACW LMM Incentive Program, which provides that, in addition to the above rebate, the LMM with the highest performance in satisfying the above heightened quoting standards in a month will receive a performance payment of \$20,000 for that month. In order to be eligible to receive the performance payment in a month, an

LMM must meet or exceed the above heightened quoting standards in that month. Highest performance is measured as the cumulative sum of series in which an LMM meets or exceeds the heightened quoting requirements by the total series each day (excluding the day in which an LMM missed meeting or exceeding the heightened quoting standard in the highest number of series).

The Exchange next proposes to adopt a MXUSA LMM Incentive Program. As proposed, the MXUSA LMM Incentive Program provides that if the LMM appointed to the MXUSA LMM Incentive Program provides continuous electronic quotes during Regular Trading Hours that meet or exceed the proposed heightened quoting standards (below) in at least 85% of the series 80% of the time in a given month, the

<sup>16</sup> As part of the proposed rule change, the Exchange proposes a clarifying change to add MRUT and NANOS to the list of excluded options in Footnote 29; such options are listed in the ORS table, but were inadvertently not added to Footnote 29.

<sup>17</sup> See Exchange Rule 3.55(a). In advance of the LMM Incentive Program effective date, the Exchange will send a notice to solicit applications from interested TPHs for the LMM role and will, from among those applications, select the program LMMs. Factors to be considered by the Exchange in

selecting LMMs include adequacy of capital, experience in trading options, presence in the trading crowd, adherence to Exchange rules and ability to meet the obligations specified in Rule 5.55.

LMM will receive a payment for that month in the amount of \$10,000 (or pro-rated amount if an appointment begins after the first trading day of the month or ends prior to the last trading day of the month).

Premium level	Expiring		Near term		Mid term		Long term	
	6 days or less		7 days to 60 days		61 days to 270 days		271 days or greater	
	Width	Size	Width	Size	Width	Size	Width	Size
\$0.00–\$3.00 .....	\$0.50	10	\$0.60	10	\$0.80	10	\$1.00	10
\$3.01–\$5.00 .....	1.00	10	0.80	10	1.20	5	1.50	5
\$5.01–\$10.00 .....	1.50	5	1.20	10	2.50	5	2.00	5
\$10.01–\$20.00 .....	5.00	5	3.50	5	6.00	5	6.00	5
Greater than \$20.00 .....	10.00	5	10.00	5	12.00	5	12.00	5

The proposed rule change also adopts a performance payment under the MXUSA LMM Incentive Program, which provides that, in addition to the above rebate, the LMM with the highest performance in satisfying the above heightened quoting standards in a month will receive a performance payment of \$15,000 for that month. In order to be eligible to receive the performance payment in a month, an LMM must meet or exceed the above heightened quoting standards in that

month. Highest performance is measured as the cumulative sum of series in which an LMM meets or exceeds the heightened quoting requirements by the total series each day (excluding the day in which an LMM missed meeting or exceeding the heightened quoting standard in the highest number of series).

Finally, the Exchange proposes to adopt a MXWLD LMM Incentive Program. As proposed, the MXWLD LMM Incentive Program provides that if

the LMM appointed to the MXWLD LMM Incentive Program provides continuous electronic quotes during Regular Trading Hours that meet or exceed the proposed heightened quoting standards (below) in at least 90% of the series 90% of the time in a given month, the LMM will receive a payment for that month in the amount of \$15,000 (or prorated amount if an appointment begins after the first trading day of the month or ends prior to the last trading day of the month).

Premium level	Expiring		Near term		Mid term		Long term	
	6 days or less		7 days to 60 days		61 days to 270 days		271 days or greater	
	Width	Size	Width	Size	Width	Size	Width	Size
\$0.00–\$3.00 .....	\$0.30	25	\$0.25	25	\$0.60	15	\$0.80	10
\$3.01–\$5.00 .....	0.60	20	0.50	20	1.00	15	1.20	10
\$5.01–\$10.00 .....	0.75	10	0.65	10	1.25	10	1.50	10
\$10.01–\$20.00 .....	2.00	5	1.50	5	3.00	5	4.00	5
Greater than \$20.00 .....	5.00	5	3.00	5	5.00	5	7.00	5

The proposed rule change also adopts a performance payment under the MXWLD LMM Incentive Program, which provides that, in addition to the above rebate, the LMM with the highest performance in satisfying the above heightened quoting standards in a month will receive a performance payment of \$25,000 for that month. In order to be eligible to receive the performance payment in a month, an LMM must meet or exceed the above heightened quoting standards in that month. Highest performance is measured as the cumulative sum of series in which an LMM meets or exceeds the heightened quoting requirements by the total series each day (excluding the day in which an LMM missed meeting or exceeding the heightened quoting standard in the highest number of series).

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the “Act”) and the rules and regulations thereunder applicable to the Exchange

and, in particular, the requirements of section 6(b) of the Act.<sup>18</sup> Specifically, the Exchange believes the proposed rule change is consistent with the section 6(b)(5)<sup>19</sup> 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. Additionally, the Exchange believes the proposed rule change is consistent with the section 6(b)(5)<sup>20</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers. The Exchange also believes the

proposed rule change is consistent with section 6(b)(4) of the Act,<sup>21</sup> which requires that Exchange rules provide for the equitable allocation of reasonable dues, fees, and other charges among its TPHs and other persons using its facilities.

Standard Transaction Rates and Surcharges

The Exchange believes that the proposed amendments to the Fees Schedule in connection with standard transaction rates and surcharges for MXACW, MXUSA, and MXWLD transactions are reasonable, equitable and not unfairly discriminatory. Specifically, the Exchange believes that it is reasonable to assess fees for Customer, Market-Maker, Firm and non-Market-Maker, non-Customer, non-Firm orders in MXACW, MXUSA, and MXWLD options that are based on, but slightly less than, those fees for transactions in MSEA and MEF options (all of which overly MSCI benchmark market-capitalization

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

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

<sup>20</sup> *Id.*

<sup>21</sup> 15 U.S.C. 78f(b)(4).

weighted indexes) because the underlying indexes of MXACW, MXUSA, and MXWLD options have a lower spot value than the underlying indexes of MXEA and MXEF options (and therefore, more contracts would need to be traded to achieve an equivalent notional size position).

Additionally, the Exchange believes it is reasonable to charge different fee amounts to different user types in the manner proposed because the proposed fees are consistent with the price differentiation that exists today for other index products. The Exchange also believes that the proposed fee amounts for MXACW, MXUSA, and MXWLD options orders are reasonable because the proposed fee amounts are within the range of amounts assessed for the Exchange's other index products, excluding Underlying Symbol List A.<sup>22</sup>

Moreover, the Exchange believes it is reasonable to apply the MXEA and MXEF Index License Surcharge Fee to all non-public customer (*i.e.* Cboe Options and non-Trading Permit Holder market-maker, Clearing Trading Permit Holder, JBO participant, and broker-dealer), including professional, transactions in MXWLD and MXACW options because the proposed surcharge helps recoup some of the costs associated with the license for MXWLD and MXACW options. Additionally, the Exchange notes that the surcharge amount will provide consistency between the fees assessed for orders in MXEA and MXEF options, which, like MXWLD and MXACW, all of which overly MSCI benchmark market-capitalization weighted indexes and are designed to offer investors lower cost options to obtain the potential benefits of options on a broad-based index option and intended for a similar investor-base. Given current trading practices, the Exchange believes that MXUSA options may have a smaller initial trading volume (as compared to MXWLD and MXACW options), and as such, wishes to incentivize trading in MXUSA. Therefore, the Exchange believes it is reasonable to not assess an Index License Surcharge fee for MXUSA options, as a way to encourage market participants to trade the newly listed product. The Exchange believes it is reasonable to apply the FLEX Surcharge Fee to MXWLD, MXACW, and MXUSA options, as the FLEX Surcharge Fee assists the Exchange in recouping the cost of developing and maintaining the FLEX system.

The Exchange believes the proposed standard transaction rates and exclusion

<sup>22</sup> See Exchange Fees Schedule, Rate Table—All Products Excluding Underlying Symbol List A.

from certain surcharges are equitable and not unfairly discriminatory because they will apply automatically and uniformly to all capacities as applicable (*i.e.*, Customer, Market-Maker, Firm and non-Market-Maker, non-Customer, non-Firm), in MXWLD, MXACW, and MXUSA options. The Exchange also believes that it is equitable and not unfairly discriminatory to assess lower fees to Customers as compared to other market participants because Customer order flow enhances liquidity on the Exchange for the benefit of all market participants. Specifically, customer liquidity benefits all market participants by providing more trading opportunities, which attracts Market-Makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants. The fees offered to customers are intended to attract more customer trading volume to the Exchange. Moreover, the options industry has a long history of providing preferential pricing to Customers, and the Exchange's current Fees Schedule currently does so in many places, as do the fees structures of many other exchanges. Finally, all fee amounts listed as applying to Customers will be applied equally to all Customers (meaning that all Customers will be assessed the same amount).

The Exchange believes that it is equitable and not unfairly discriminatory to assess lower fees to Market-Makers as compared to other market participants other than Customers because Market-Makers, unlike other market participants, take on a number of obligations, including quoting obligations, that other market participants do not have. Further, these lower fees offered to Market-Makers are intended to incent Market-Makers to quote and trade more on the Exchange, thereby providing more trading opportunities for all market participants. Additionally, the proposed fee for Market-Makers will be applied equally to all Market-Makers (meaning that all Market-Makers will be assessed the same amount). The Exchange also notes that all fee amounts described herein are intended to attract greater order flow to the Exchange in MXWLD, MXACW, and MXUSA options, which should therefore serve to benefit all Exchange market participants. Similarly, it is equitable and not unfairly discriminatory to assess lower fees to Firm orders than those of other market participants (except Customers and Market-Makers) because Firms also

have a number of obligations (such as membership with the OCC), significant regulatory burdens, and financial obligations, that other market participants do not need to take on. Finally, the proposed surcharges will be assessed uniformly to all market participants to whom the FLEX Surcharge and Index License Surcharge Fee apply.

#### Fees Programs

The Exchange believes that the proposed updates to the Fees Schedule in connection with the application of certain fees programs to transactions in MXWLD, MXACW, and MXUSA options are reasonable, equitable and not unfairly discriminatory. The Exchange believes it is reasonable to exclude MXWLD, MXACW, and MXUSA options from the Liquidity Provider Sliding Scale, the VIP, Break-Up Credits applicable to Customer Agency Orders in AIM and SAM, the Marketing Fee, the Floor Broker Sliding Scale Rebate Program, and the ORS/CORS program because other proprietary index products are also excepted from these programs.<sup>23</sup> Moreover, the Exchange notes that the proposed rule change does not alter any of the existing programs, but instead, merely proposes not to include transactions in MXWLD, MXACW, and MXUSA options in those programs. Similarly, the Exchange believes it is reasonable to include transactions in MXWLD, MXACW, and MXUSA options in the SCORE program because other proprietary index products, including MXEA and MXEF options, are also included in this program.<sup>24</sup>

The Exchange believes that excluding MXWLD, MXACW, and MXUSA options transactions from certain fees programs is equitable and not unfairly discriminatory because the programs will equally not apply to, or exclude in the same manner, all market participants' orders in MXWLD, MXACW, and MXUSA options. Similarly, the Exchange believes that including MXWLD, MXACW, and MXUSA options transactions in the SCORE program is equitable and not unfairly discriminatory because the program will equally apply to, or include in the same manner, all market participants' orders in MXWLD, MXACW, and MXUSA options. The

<sup>23</sup> See Exchange Fees Schedule, Liquidity Provider Sliding Scale, Volume Incentive Program, Break-Up Credits, Marketing Fee, Floor Broker Sliding Scale Rebate Program, Order Router Subsidy Program and Complex Order Router Subsidy Program.

<sup>24</sup> See Exchange Fees Schedule, Select Customer Options Reduction ("SCORE") Program.

Exchange notes that the proposed rule change does not alter any of the existing program rates or volume calculations, but instead, merely proposes include (or not to) include transactions in MXWLD, MXACW, and MXUSA options in those programs and volume calculations in the same way that transactions in MXEA and MXEF options are (or are not) currently included.

#### LMM Incentive Programs

The Exchange believes the proposed LMM Incentive Programs are reasonable, equitable and not unfairly discriminatory. Particularly, the proposed MXWLD, MXACW, and MXUSA LMM Incentive Programs are reasonable financial incentive programs because the proposed heightened quoting standards and rebate amount for meeting the heightened quoting standards in each MXWLD, MXACW, and MXUSA series, as applicable, are reasonably designed to incentivize LMMs appointed to the Programs to meet the proposed heightened quoting standards during RTH for MXWLD, MXACW, and MXUSA, as applicable, thereby providing liquid and active markets, which facilitates tighter spreads, increased trading opportunities, and overall enhanced market quality to the benefit of all market participants, particularly in newly listed and traded products on the Exchange during the trading day.

The Exchange believes that the proposed heightened quoting standards are reasonable because they are similar to the detail and format (corresponding premiums, quote widths, and sizes) of the quoting standards currently in place for LMM Incentive Programs for other proprietary Exchange products.<sup>25</sup> The Exchange also believes that proposed heightened quoting requirements are reasonably tailored to reflect market characteristics of MXWLD, MXACW, and MXUSA. The Exchange believes the generally smaller premium levels and widths appropriately reflect the lower-priced MXWLD, MXACW, and MXUSA product. The Exchange believes the proposed finer premiums, smaller quote widths and smaller sizes (comparatively) in the proposed heightened quoting standards for the MXWLD, MXACW, and MXUSA LMM Incentive Programs reasonably reflect

what the Exchanges believes will be typical market characteristics in MXWLD, MXACW, and MXUSA options, given their smaller spot value, their smaller notional value and general anticipated retail base, thus smaller, retail-sized orders, quoting requirements in the future to accommodate expiry categories.

The Exchange further believes that the proposed rebate amounts received for MXACW (\$10,000), MXUSA (\$10,000), and MXWLD (\$15,000) options is reasonable because they are comparable to the rebates offered by other LMM Incentive Programs offered by the Exchange. For example, the LMM Program for MXEA and MXEF options (the “MSCI LMM Program”) currently offers \$15,000 per class, per month to appointed LMMs for MXEA and MXEF options if the heightened quoting standards are met in a given month. The Exchange believes that the proposed rebate amounts are reasonably designed to continue to incentivize an LMM appointed to the respective program to meet the applicable quoting standards for MXACW, MXUSA, and MXWLD options, thereby providing liquid and active markets, which facilitates tighter spreads, increased trading opportunities, and overall enhanced market quality to the benefit of all market participants.

Similarly, the Exchange believes that the proposed performance payments for MXACW (\$20,000), MXUSA (\$15,000), and MXWLD (\$25,000) options provided to the LMM with the highest performance in satisfying the relevant heightened quoting standards for each of the proposed LMM Programs is reasonable and equitable as the LMM Incentive Program for MXEA and MXEF options offers a similar performance payment. All appointed LMMs are eligible for the performance payment, which is designed to incentivize LMMs in these newly listed products to provide liquid and active markets in these products to encourage their growth.

Finally, the Exchange believes it is equitable and not unfairly discriminatory to offer the financial incentive to LMMs appointed to the LMM Incentive Programs, because it will benefit all market participants trading in MXWLD, MXACW, and MXUSA during RTH by encouraging the appointed LMMs to satisfy the heightened quoting standards, which incentivizes continuous increased liquidity and thereby may provide more trading opportunities and tighter spreads. Indeed, the Exchange notes that these LMMs serve a crucial role in providing quotes and the opportunity

for market participants to trade MXWLD, MXACW, and MXUSA, which can lead to increased volume, providing for robust markets. The Exchange ultimately proposes to offer the MXWLD, MXACW, and MXUSA LMM Incentive Programs to sufficiently incentivize the appointed LMMs to provide key liquidity and active markets in the newly listed and traded NANOS options during the trading day to encourage liquidity, thereby protecting investors and the public interest. The Exchange also notes that an LMM appointed to the Programs may undertake added costs each month to satisfy that heightened quoting standards (e.g., having to purchase additional logical connectivity). The Exchange believes the proposed programs are equitable and not unfairly discriminatory because similar programs currently exist for LMMs appointed to programs in other proprietary products,<sup>26</sup> and the proposed programs will equally apply to any TPH that is appointed as an LMM to the each of the LMM Incentive Programs, as applicable. Additionally, if an appointed LMM does not satisfy the heightened quoting standards in MXWLD, MXACW, and MXUSA (as applicable) for any given month, then it simply will not receive the offered payment for that month.

#### 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 intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the proposed MXWLD, MXACW, and MXUSA transaction fees for the separate types of market participants will be assessed automatically and uniformly to all such market participants, *i.e.*, all qualifying Customer orders in MXWLD, MXACW, and MXUSA will be assessed the same amount, all Market-Maker orders in MXWLD, MXACW, and MXUSA will be assessed the same amount, all Firm orders in MXWLD, MXACW, and MXUSA will be assessed the same amount, and all non-Customer, non-Market-Maker, non-Firm orders in MXWLD, MXACW, and MXUSA will be assessed the same amount. As discussed above, while different fees are assessed to different market participants in some

<sup>25</sup> See Exchange Fees Schedule, “MRUT LMM Incentive Program”, “MSCI LMM Incentive Program”, “NANOS LMM Incentive Program”, “GTH VIX/VIXW LMM Incentive Program”, “GTH1 SPX/SPXW LMM Incentive Program”, “GTH2 SPX/SPXW LMM Incentive Program”, “RTH XSP LMM Incentive Program”, “GTH1 XSP LMM Incentive Program”, “GTH2 XSP LMM Incentive Program”, and “RTH SPESG LMM Incentive Program”.

<sup>26</sup> *Id.*

circumstances, these different market participants have different obligations and different circumstances as discussed above. For example, Market-Makers have quoting obligations that other market participants do not have. Additionally, the proposed surcharges will be assessed uniformly to all market participants to whom the FLEX Surcharge and Index License Surcharge Fee apply.

Further, the proposed rule change will uniformly exclude all transactions in MXWLD, MXACW, and MXUSA from certain programs (*i.e.*, the VIP and ORS/CORS Programs), as it currently does for MXEA and MXEF options, and as it does for many of the Exchange's other proprietary products. In addition to this, the proposed rule change to include MXWLD, MXACW, and MXUSA in the SCORE program will apply equally to all applicable transactions in MXWLD, MXACW, and MXUSA. Overall, the proposed rule change is designed to increase incentive for customer order flow providers to submit customer order flow in a newly listed and traded product, which, as indicated above, contributes to a more robust market ecosystem to the benefit of all market participants.

The Exchange also does not believe that the proposed LMM Incentive Programs for MXWLD, MXACW, and MXUSA options would impose any burden on intramarket competition because it applies to all LMMs appointed to each of the LMM Incentive Programs in a uniform manner, in the same way similar programs apply to appointed LMMs in other proprietary products today. To the extent appointed LMMs receive a benefit that other market participants do not, these LMMs in their role as Market-Makers on the Exchange have different obligations and are held to different standards. For example, Market-Makers play a crucial role in providing active and liquid markets in their appointed products, especially in the newly developing MXWLD, MXACW, and MXUSA market, thereby providing a robust market which benefits all market participants. Such Market-Makers also have obligations and regulatory requirements that other participants do not have. The Exchange also notes that an LMM appointed to an incentive program may undertake added costs each month to satisfy that heightened quoting standards (*e.g.*, having to purchase additional logical connectivity). The Exchange also notes that the LMM Incentive Programs, like the other LMM Incentive Programs, is designed to attract additional order flow to the Exchange, wherein greater

liquidity benefits all market participants by providing more trading opportunities, tighter spreads, and added market transparency and price discovery, and signals to other market participants to direct their order flow to those markets, thereby contributing to robust levels of liquidity.

The Exchange does not believe that the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the proposed rule changes apply only to products exclusively listed on the Exchange. Additionally, the Exchange notes it operates in a highly competitive market. In addition to Cboe Options, TPHs have numerous alternative venues that they may participate on and direct their order flow, including 16 other options exchanges, as well as off-exchange venues, where competitive products are available for trading. Based on publicly available information, no single options exchange has more than 13% of the market share of executed volume of options trades.<sup>27</sup> Therefore, no exchange possesses significant pricing power in the execution of option order flow. 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.”<sup>28</sup> 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’ . . . .”<sup>29</sup> Accordingly, the Exchange does not believe its proposed changes to the incentive programs impose 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 neither solicited nor received comments on the proposed rule change.

### 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<sup>30</sup> and paragraph (f) of Rule 19b-4<sup>31</sup> 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 (<https://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-CBOE-2024-014 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-CBOE-2024-014. This file number should be included on the subject line if email is used. To help the Commission process and review your

<sup>27</sup> See Cboe Global Markets, U.S. Options Market Volume Summary by Month (March 6, 2024), available at [http://markets.cboe.com/us/options/market\\_share/](http://markets.cboe.com/us/options/market_share/).

<sup>28</sup> See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005).

<sup>29</sup> *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)).

<sup>30</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>31</sup> 17 CFR 240.19b-4(f).



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 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. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-CBOE-2024-014, and should be submitted on or before April 18, 2024.

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

**Sherry R. Haywood,**  
*Assistant Secretary.*

[FR Doc. 2024-06588 Filed 3-27-24; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-99841; File No. SR-Phlx-2024-15]

### Self-Regulatory Organizations; Nasdaq PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend the Exchange's Fees for Top of PHLX Options (TOPO), PHLX Orders, and TOPO Plus Orders

March 22, 2024.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on March 20, 2024, Nasdaq PHLX LLC ("Phlx" or "Exchange") filed with the Securities

and Exchange Commission ("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

The Exchange proposes to amend the Exchange's proprietary data fees for Top of PHLX Options ("TOPO"), PHLX Orders, and TOPO Plus Orders at Options 7, Section 10, as described further below.

The text of the proposed rule change is available on the Exchange's website at <https://listingcenter.nasdaq.com/rulebook/phlx/rules>, 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 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 purpose of the proposed rule change is to amend the Exchange's proprietary data fees for Top of PHLX Options ("TOPO"),<sup>3</sup> PHLX Orders,<sup>4</sup> and

<sup>3</sup> See Options 3, Section 23(a)(1) ("Top of PHLX Options ("TOPO") is a direct data feed product that includes the Exchange's best bid and offer price, with aggregate size, based on displayable order and quoting interest on Phlx and last sale information for trades executed on Phlx. The data contained in the TOPO data feed is identical to the data simultaneously sent to the processor for the OPRA and subscribers of the data feed. The data provided for each options series includes the symbols (series and underlying security), put or call indicator, expiration date, the strike price of the series, and whether the option series is available for trading on Phlx and identifies if the series is available for closing transactions only.")

<sup>4</sup> See Options 3, Section 23(a)(1) ("PHLX Orders is a real-time full Limit Order book data feed that provides pricing information for orders on the PHLX Order book for displayed order types as well as market participant capacity. PHLX Orders is

TOPO Plus Orders at Options 7, Section 10.<sup>5</sup>

###### Top of PHLX Options ("TOPO")

TOPO is a direct data feed that provides subscribers with PHLX Best Bid and Offer ("BBO")<sup>6</sup> and last sale information.<sup>7</sup> The data distributed on TOPO is identical to the data simultaneously sent to the Options Price Reporting Authority ("OPRA").<sup>8</sup> The TOPO feed also provides administrative information to facilitate trading on the Exchange such as, for example, the list of symbols trading on a particular day.<sup>9</sup> TOPO reduces the transmission and processing latencies for top of book information relative to the OPRA feed by avoiding the latencies generated by the latter in consolidating data.

Monthly fees for TOPO are currently \$2,000 for Internal Distributors,<sup>10</sup> \$2,500 for External Distributors,<sup>11</sup> \$1 for a Non-Professional Subscriber,<sup>12</sup> and

currently provided as part of the TOPO Plus Orders data product. PHLX Orders provides real-time information to enable users to keep track of the single and complex order book(s). The data provided for each options series includes the symbols (series and underlying security), put or call indicator, expiration date, the strike price of the series, leg information on complex strategies and whether the option series is available for trading on Phlx and identifies if the series is available for closing transactions only. The feed also provides auction and exposure notifications and order imbalances on opening/reopening (size of matched contracts and size of the imbalance)".

<sup>5</sup> The proposed changes were initially filed on November 16, 2023, as SR-Phlx-2023-51. On December 5, 2023, SR-Phlx-2023-51 was withdrawn and replaced with SR-Phlx-2023-57. On January 29, 2024, SR-Phlx-2023-57 was withdrawn and replaced with SR-Phlx-2024-03. On March 20, 2024, SR-Phlx-2024-03 was withdrawn and replaced with the instant filing to provide additional detail regarding the proposal.

<sup>6</sup> The Best Bid and Offer includes aggregate size information based on displayable order and quoting interest on the Exchange.

<sup>7</sup> See PHLX, "Top of Phlx Options," available at [https://www.nasdaqtrader.com/Micro.aspx?id=TOPO#:~:text=Top%20of%20PHLX%20Options%20\(TOPO,in%20the%20consolidated%20market%20feed.](https://www.nasdaqtrader.com/Micro.aspx?id=TOPO#:~:text=Top%20of%20PHLX%20Options%20(TOPO,in%20the%20consolidated%20market%20feed.)

<sup>8</sup> See Options 3 (Options Trading Rules), Section 23(a)(1) (Data Feeds and Trade Information) ("The data contained in the TOPO data feed is identical to the data simultaneously sent to the processor for the OPRA and subscribers of the data feed.")

<sup>9</sup> See, e.g., Nasdaq, "Top of Phlx Options Interface Specifications, Version 3.4" Section 4.3 available at <https://www.nasdaqtrader.com/content/technicalsupport/specifications/dataproducts/topofphlx.pdf> (describing the start of day options directory message, which lists all symbols eligible for the auction process).

<sup>10</sup> See Options 7, Section 10 (Proprietary Data Feed Fees) (Top of PHLX Options) ("A 'distributor' of Nasdaq PHLX data is any entity that receives a feed or data file . . . directly from Nasdaq PHLX or indirectly through another entity and then distributes it either internally (within that entity) or externally (outside that entity). All distributors execute a Nasdaq PHLX distributor agreement.")

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

<sup>12</sup> See *id.* ("A Non-Professional Subscriber is a natural person who is neither: (i) registered or

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

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

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