

*Summary of Application:* Applicants request an order to permit certain business development companies and closed-end management investment companies to co-invest in portfolio companies with each other and with certain affiliated investment entities.

*Applicants:* FS Credit Opportunities Corp., PA Senior Credit Opportunities Fund, L.P., FS Senior Credit Fund II, L.P., FS Global Advisor, LLC, FS Specialty Lending Fund, FS/EIG ADVISOR, LLC, FS Tactical Opportunities (LOI) Splitter, L.P., FS Tactical Opportunities (SI) Splitter, L.P., FS Tactical Opportunities (LOI) Splitter II, L.P., FS Tactical Opportunities (SI) Splitter II, L.P. and FS Tactical Advisor, LLC.

*Filing Dates:* The application was filed on September 19, 2023, and amended on January 24, 2024, May 23, 2024 and September 18, 2024.

*Hearing or Notification of Hearing:* An order granting the requested relief will be issued unless the Commission orders a hearing. Interested persons may request a hearing on any application by emailing the SEC's Secretary at [Secretaries-Office@sec.gov](mailto:Secretaries-Office@sec.gov) and serving the Applicants 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 Commission by 5:30 p.m. on October 28, 2024, 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 emailing the Commission's Secretary at [Secretaries-Office@sec.gov](mailto:Secretaries-Office@sec.gov).

**ADDRESSES:** The Commission: [Secretaries-Office@sec.gov](mailto:Secretaries-Office@sec.gov). Applicants: Stephen S. Sypherd, 201 Rouse Boulevard, Philadelphia, Pennsylvania 19112; James A. Lebovitz, Jonathan H. Gaines, David Bartels, Cira Centre, 2929 Arch Street, Philadelphia, PA 19104.

**FOR FURTHER INFORMATION CONTACT:** Deepak T. Pai, Senior Counsel, or Thomas Ahmadifar, Branch Chief, at (202) 551-6825 (Division of Investment Management, Chief Counsel's Office).

**SUPPLEMENTARY INFORMATION:** For Applicants' representations, legal analysis, and conditions, please refer to Applicants' third amended and restated

application, dated September 18, 2024, which may be obtained via the Commission's website by searching for the file number at the top of this document, 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, at <http://www.sec.gov/edgar/searchedgar/legacy/companysearch.html>. You may also call the SEC's Public Reference Room at (202) 551-8090.

For the Commission, by the Division of Investment Management, under delegated authority.

**Vanessa A. Countryman,**  
Secretary.

[FR Doc. 2024-23218 Filed 10-7-24; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-101226; File No. SR-LTSE-2024-06]

### Self-Regulatory Organizations; Long-Term Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Adopt Initial Fees and Rebates Applicable to Members of the Exchange Pursuant to Exchange Rule 15.110 and Adopt a Policy Relating to Billing Errors

October 1, 2024.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on September 19, 2024, Long-Term Stock Exchange, Inc. ("LTSE" or the "Exchange") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange is filing with the Securities and Exchange Commission ("Commission") a proposed rule change to adopt the initial fees and rebates applicable to Members of the Exchange pursuant to Exchange Rule 15.110 (Authority to Prescribe Dues, Fees, Assessments and Other Charges) and adopt a policy relating to billing errors.

The Exchange proposes to implement the rule change effective immediately upon commencement of its transition to a new trading platform.

The text of the proposed rule change is available at the Exchange's website at <https://longtermstockexchange.com/>, at the principal office of the Exchange, and at the Commission's Public Reference Room.

#### II. Self-Regulatory Organization's Statement on 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 self-regulatory organization 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 adopt a fee schedule (the "Fee Schedule") applicable to the use of the Exchange. Additionally, the Exchange proposes to amend Rule 15.120 (Collection of Exchange Fees and Other Claims and Billing Policy), as well as moving the entirety of the text in Rule 15.200 (Schedule of Fees) to the new Fee Schedule. These changes are part of a larger initiative where the Exchange intends to transition to a new trading platform. The go-live date for this transition is September 23, 2024 and thus, proposed fees and changes will be effective as of the date of such transition.<sup>3</sup>

The Exchange first notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or incentives to be insufficient. More specifically, the Exchange will be only one of numerous equities venues to which market participants may direct their order flow. Based on publicly available information, no single registered equities exchange currently has more than approximately 16% of

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

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

<sup>3</sup> *Id.*

total market share.<sup>4</sup> Thus, in such a low-concentrated and highly competitive market, no single equities exchange possesses significant pricing power in the execution of order flow and the Exchange currently represents a small percentage of the overall market.

#### Transaction Fees

Below is a description of the fees and rebates that the Exchange intends to impose under the initial proposed Fee Schedule, which will be applicable to transactions executed in all trading sessions. Under the proposed Fee Schedule, the Exchange will operate a “Maker-Taker” model whereby it provides rebates to Members that provide liquidity and charges fees to those that remove liquidity, as further described below. The Exchange does not initially propose to assess volume-based fees or rebates. Accordingly, all fees and rebates described below are applicable to all Members, regardless of the overall volume of a Member’s trading activities on the Exchange.

The Exchange proposes to adopt a pricing strategy that incentivizes adding displayed liquidity on the Exchange in order to encourage and facilitate price discovery and price formation, which the Exchange believes benefits all Members and investors. Details of this pricing strategy are laid out below:

#### (A) Standard Fee for Removing Liquidity

The Exchange proposes a fee of \$0.0030 per share for executions of orders that remove liquidity from the LTSE Order Book<sup>5</sup> (“Remove Liquidity”) in securities priced at or above \$1.00 per share or 0.30% of the total dollar value (“TDV”) for securities priced under \$1.00.<sup>6</sup>

#### (B) Standard Rebate for Adding Displayed Liquidity

The Exchange proposes to provide a rebate of \$0.0028 per share for executions of orders that: (i) are displayed on the LTSE Order Book and (ii) add liquidity to the Exchange (“Added Displayed Liquidity”), in all securities traded on the Exchange priced at or above \$1.00 per share or 0.28% of

the TDV for securities priced under \$1.00.<sup>7</sup> The proposed rebate for Added Displayed Liquidity would apply to the Reserve Quantity<sup>8</sup> of an order such that any replenishment amount of the Reserve Quantity of an order that is executed against would be treated as Added Displayed Liquidity even though such portion of the order was not displayed on the LTSE Order Book prior to the order being replenished in accordance with the Member’s instructions and the Exchange’s rules. The entire portion of the Reserve Quantity of an order would be eligible for this rebate, however, a Member would only receive such rebate for any portion(s) of the Reserve Quantity that is (are) executed against it. The proposed Fee Schedule will detail the treatment of the Reserve Quantity.

#### (C) Rebates for Adding Displayed Liquidity That Matches the National Best Bid or Offer (“NBBO”)<sup>9</sup>

The Exchange proposes to provide a rebate of \$0.0029 per share for executions of Added Displayed Liquidity that establishes a new best bid or offer on the Exchange that matches the NBBO first established on an away market (“NBBO Joiner”) in all securities traded on the Exchange priced at or above \$1.00 per share or 0.29% of the TDV for securities priced under \$1.00.<sup>10</sup> The proposed Fee Schedule will include this definition of NBBO Joiner.

#### (D) Rebates for Adding Displayed Liquidity That Establishes the NBBO

The Exchange proposes to provide a rebate of \$0.00295 per share for executions of Added Displayed Liquidity that establishes the NBBO (“NBBO Setter”) on LTSE in all securities traded on the Exchange priced at or above \$1.00 per share or 0.295% of the TDV for securities priced under \$1.00.<sup>11</sup> The proposed Fee Schedule will include this definition of NBBO Setter.

<sup>7</sup> The pricing is referred to by the Exchange as “Add displayed liquidity” on the proposed Fee Schedule.

<sup>8</sup> “Reserve Quantity” refers to the portion of an order that includes a Non-Displayed instruction in which a portion of that order is also displayed on the LTSE Order Book. Both the portion of the order with a Displayed instruction and the Reserve Quantity are available for execution against incoming orders. See Exchange Rule 11.180(k).

<sup>9</sup> “NBBO” is defined in LTSE Rule 11.410(b).

<sup>10</sup> The pricing is referred to by the Exchange as “Add displayed liquidity—NBBO Joiner” on the proposed Fee Schedule.

<sup>11</sup> The pricing is referred to by the Exchange as “Add displayed liquidity—NBBO Setter” on the proposed Fee Schedule.

#### (E) Standard Rebate for Adding Non-Displayed Liquidity

The Exchange proposes to provide a standard rebate of \$0.0014 per share for executions of orders that: (i) are not displayed on the LTSE Order Book and (ii) add liquidity to the Exchange, in all securities traded on the Exchange priced at or above \$1.00 per share or 0.14% of the TDV for securities priced under \$1.00.<sup>12</sup>

#### Other Proposed Changes

##### Annual Membership Fee

The Exchange currently sets forth its Annual Membership Fee of \$10,000 a year in Rule 15.200. The Exchange is proposing to remove this section of the rulebook and move the Annual Membership Fee to the newly created Section (A) of the Fee Schedule so that Members can have all specific fees assessed by the Exchange in one place. The Exchange is not proposing any changes to the Annual Membership Fee except to remove subsection (4) which details how the Exchange assessed the Annual Membership Fee the year it launched operations. Since this subsection is no longer applicable the Exchange believes it is appropriate to remove it altogether instead of inserting it into the proposed Fee Schedule.

##### Billing Errors

Additionally, the Exchange is proposing to adopt a policy relating to billing errors. Specifically, the Exchange proposes to adopt a new paragraph (c) in Rule 15.120 which would provide that all fees and rebates assessed prior to the three full calendar months before the month in which the Exchange becomes aware of a billing error shall be considered final.<sup>13</sup> To clarify the new Billing Errors section, the Exchange is also proposing to add the title “Pricing Disputes” to Rule 15.120(b). The Exchange would apply the three month look back regardless of whether the error was discovered by the Exchange or by a Member or Non-Member that submitted a pricing dispute.<sup>14</sup>

<sup>12</sup> This pricing is referred to by the Exchange as “Add non-displayed liquidity” on the proposed Fee Schedule to represent the execution of an order that adds non-displayed liquidity.

<sup>13</sup> The Exchange notes that the current policy in Rule 15.120(b), which states that all pricing disputes must be submitted no later than sixty (60) days after receipt of a billing invoice, will remain in place.

<sup>14</sup> For example, if the Exchange becomes aware of a transaction fee billing error on September 4, 2024, the Exchange will resolve the error by crediting or debiting Members or Non-Members based on the fees or rebates that should have been applied to any impacted transactions during June, July and August 2024. The Exchange notes that because it bills in arrears, the Exchange would be able to correct the

<sup>4</sup> Market share percentage calculated as of September 4, 2024. The Exchange receives and processes data made available through consolidated data feeds (i.e., CTS and UTDF).

<sup>5</sup> “LTSE Order Book” means the System’s electronic file of orders. See Exchange Rule 1.160(t). The “System” shall mean the electronic communications and trading facility designated by the Board through which securities orders of Members are consolidated for ranking and execution. See Exchange Rule 1.160(rr).

<sup>6</sup> This pricing is referred to as “Remove liquidity” on the proposed Fee Schedule.

The purpose of the proposed change is to provide both the Exchange and its Members and Non-Members finality with respect to fees and rebates previously assessed by the Exchange and the ability to close their books after a specified period of time. The Exchange notes that Rule 15.120(b) already requires that pricing disputes must be submitted to the Exchange in writing and accompanied by supporting documentation no later than 60 days after receipt of a billing invoice, which is designed to encourage prompt review of Exchange invoices so that any pricing disputes can be addressed in a timely manner. The Exchange believes the proposed change would further the goal of addressing billing discrepancies in a timely manner while the information and data underlying those charges (*e.g.*, applicable fees and order information) is still easily and readily available, without further limiting the timeframe in which a pricing dispute may be submitted. This practice would avoid issues that may arise when billing errors are discovered long after they occurred and the parties have already prepared, and in some cases published, their books, and would conserve Exchange resources that would have to be expended to resolve untimely billing disputes. As such, the proposed rule change would alleviate administrative burdens related to prior billing errors, which could divert Exchange staff resources away from the Exchange's regulatory and business purposes.

The Exchange notes that the language of proposed Rule 15.120(c) is the same as language in MEMX Rule 15.3(c)<sup>15</sup> and is also included in the fee schedules of the four Cboe U.S. equities exchanges—Cboe BZX Exchange, Inc. (“Cboe BZX”),<sup>16</sup> Cboe BYX Exchange, Inc. (“Cboe BYX”),<sup>17</sup> Cboe EDGA Exchange, Inc. (“Cboe EDGA”),<sup>18</sup> and

error in advance of issuing the June [sic] 2024 invoice and therefore, transactions impacted after the end of the last full calendar month through the date of discovery (in this example, between August 31, 2024 and September 4, 2024) and thereafter, would be billed correctly.

<sup>15</sup> See Securities Exchange Act Release No. 34–93381 (October 19, 2021), 86 FR 58972 (October 25, 2021) (SR–MEMX–2021–12).

<sup>16</sup> See Cboe BZX equities trading fee schedule on its public website (available at [https://www.cboe.com/us/equities/membership/fee\\_schedule/bzx/](https://www.cboe.com/us/equities/membership/fee_schedule/bzx/)). See also Securities Exchange Act Release No. 90897 (January 11, 2021), 86 FR 4161 (January 15, 2021) (SR–CboeBZX–2020–094).

<sup>17</sup> See Cboe BYX equities trading fee schedule on its public website (available at [https://www.cboe.com/us/equities/membership/fee\\_schedule/byx/](https://www.cboe.com/us/equities/membership/fee_schedule/byx/)). See also Securities Exchange Act Release No. 90899 (January 11, 2021), 86 FR 4156 (January 15, 2021) (SR–CboeBYX–2020–034).

<sup>18</sup> See Cboe EDGA equities trading fee schedule on its public website (available at [https://www.cboe.com/us/equities/membership/fee\\_](https://www.cboe.com/us/equities/membership/fee_)

Cboe EDGX Exchange, Inc. (“Cboe EDGX”).<sup>19</sup> The Exchange also notes that a number of other exchanges have explicitly stated that they consider all fees to be final after a similar period of time.<sup>20</sup> The proposed billing errors policy would apply to all fees and rebates assessed by the Exchange.

#### Other Changes

The Exchange proposes to add a section to the proposed Fee Schedule entitled “Additional Fees” and state that Chapter 15 of the LTSE Rule contains other dues, fees, and assessments as well as the collection of Exchange fees for completeness. Further, the Exchange proposes to add a corresponding reference in Supplementary Material .02 of Chapter 15 to state that the LTSE Fee Schedule details fees and rebates assessed by the Exchange.

#### 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6(b)<sup>21</sup> of the Act in general, and furthers the objectives of Sections 6(b)(4)<sup>22</sup> of the Act, in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities. Additionally, the Exchange believes that the proposed fees and rebates are consistent with the objectives of Section 6(b)(5)<sup>23</sup> of the Act in that they are designed 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 a free and open market and national market system, and, in general, to protect investors and the public interest, and, particularly, are not designed to permit unfair

*schedule/edga/*). See also Securities Exchange Act Release No. 90897 (January 11, 2021), 86 FR 4161 (January 15, 2021) (SR–CboeBZX–2020–094).

<sup>19</sup> See Cboe EDGX equities trading fee schedule on its public website (available at [https://www.cboe.com/us/equities/membership/fee\\_schedule/edgx/](https://www.cboe.com/us/equities/membership/fee_schedule/edgx/)). See also Securities Exchange Act Release No. 90901 (January 11, 2021), 86 FR 4137 (January 15, 2021) (SR–CboeEDGX–2020–064).

<sup>20</sup> See, *e.g.*, Securities Exchange Act Release No. 34–91836 (May 11, 2021), 86 FR 26765 (May 17, 2021) (SR–BOX–2021–08); Securities Exchange Act Release No. 87650 (December 3, 2019), 84 FR 67304 (December 9, 2019) (SR–NYSECHX–2019–024); Securities Exchange Act Release No. 84430 (October 16, 2018), 83 FR 53347 (October 22, 2018) (SR–NYSENAT–2018–23); and Securities Exchange Act Release No. 79060 (October 6, 2016), 81 FR 70716 (October 13, 2016) (SR–ISEGemini–2016–11).

<sup>21</sup> 15 U.S.C. 78f.

<sup>22</sup> 15 U.S.C. 78f(b)(4).

<sup>23</sup> 15 U.S.C. 78f(b)(5).

discrimination between customers, issuers, brokers, or dealers.

The Exchange operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or incentives to be insufficient. The Exchange believes that the proposed Fee Schedule reflects a simple and competitive pricing structure designed to incentivize market participants to add aggressively priced displayed liquidity and direct their order flow to the Exchange, which the Exchange believes would promote price discovery and price formation and deepen liquidity that is subject to the Exchange's transparency, regulation, and oversight as an exchange, thereby enhancing market quality to the benefit of all Members and investors.

The Commission and the courts have repeatedly expressed their preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, while adopting a series of steps to improve the current market model, 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>24</sup>

#### Transactions Fees

The Exchange believes that charging a fee to the liquidity remover, and providing a rebate to the liquidity adder, is reasonable, equitable and not unfairly discriminatory because it incentivizes liquidity provision on the Exchange. The Exchange also notes that several other exchanges charge fees for removing liquidity and provide rebates for adding liquidity, and that this aspect of the Exchange's proposed Fee Schedule does not raise any new or novel issues that have not previously been considered by the Commission in connection with the fees and rebates of other exchanges.<sup>25</sup> The Exchange notes that unlike other exchanges, LTSE is not proposing any volume based tiers or rebates and rather is proposing a simple flat fee for each of the categories listed below.

The Exchange also believes that it is reasonable, equitable and not unfairly

<sup>24</sup> See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) (“Regulation NMS Adopting Release”).

<sup>25</sup> See *e.g.*, MEMX Equities Fee Schedule, Transaction Fees; MIAX Pearl Equities Exchange Fee Schedule and Cboe EDGX Fee Schedule.

discriminatory to provide a higher rebate for executions resulting from adding displayed liquidity than for executions of adding non-displayed liquidity as this rebate structure is designed to incentivize Members to send the Exchange displayable orders, thereby contributing to price discovery and price formation, consistent with the overall goal of enhancing market quality. Moreover, the Exchange notes that there are precedents for exchanges to provide rebates that distinguish between displayed and non-displayed volume to incentivize displayed orders and facilitate price discovery.

#### Standard Fee for Removing Liquidity

The Exchange believes that it is appropriate, reasonable, and consistent with the Act to charge a standard fee of \$0.0030 per share for executions of orders that remove liquidity from the LTSE Order Book in securities priced at or above \$1.00 per share or 0.30% of the TDV for securities priced under \$1.00 because it is comparable to the transaction fee charged by other exchanges to remove liquidity.<sup>26</sup> The Exchange further believes that this fee is equitably allocated and not unfairly discriminatory because it applies equally to all Members and, when coupled with higher rebates for adding displayed liquidity, as described below, is designed to facilitate increased activity on the Exchange to the benefit of all Members by providing more trading opportunities and promoting price discovery.

#### Standard Rebate for Adding Displayed Liquidity

The Exchange believes that it is appropriate, reasonable, and consistent with the Act to provide a standard rebate of \$0.0028 per share for executions of orders that: (i) are displayed on the LTSE Order Book and (ii) add liquidity to the Exchange, in all securities traded on the Exchange priced at or above \$1.00 per share or 0.28% of the TDV for securities priced under \$1.00 because this rebate is consistent with transaction rebates provided by other exchanges.<sup>27</sup> The Exchange

<sup>26</sup> For example, the MEMX Fee Schedule assesses fees to remove liquidity for securities at or above \$1.00 that range from \$0.0029–\$0.0030 per share (fees for securities below \$1.00 the fees range from 0.28%–0.30% of total dollar value); see <https://info.memxtrading.com/equities-trading-resources/us-equities-fee-schedule/>. The Cboe BZX Fee Schedule has standard fees for “removing” liquidity of \$0.0030 for shares executed at or above \$1.00 or 0.30% of total dollar volume for shares executed below \$1.00; see [https://www.cboe.com/us/equities/membership/fee\\_schedule/bzx/](https://www.cboe.com/us/equities/membership/fee_schedule/bzx/).

<sup>27</sup> For example, the Cboe BZX Fee Schedule reflects a standard rebate for adding displayed

further believes that this rebate structure is equitably allocated and not unfairly discriminatory because it applies equally to all Members.

#### Rebates for Adding Displayed Liquidity That Matches the NBBO

The Exchange believes that it is appropriate, reasonable, and consistent with the Act to provide a standard rebate of \$0.0029 per share for executions of Added Displayed Liquidity that matches the NBBO in all securities traded on the Exchange priced at or above \$1.00 per share or 0.29% of the TDV for securities priced under \$1.00 because this rebate is consistent with transaction rebates provided by other exchanges.<sup>28</sup> The Exchange further believes that this rebate structure is equitably allocated and not unfairly discriminatory because it applies equally to all Members. Lastly, the Exchange believes that providing a higher rebate for adding displayed liquidity that matches the NBBO is reasonable, equitable and not unfairly discriminatory as it designed to encourage the submission of well priced orders, thereby contributing to a deeper and more robust and well-balanced market ecosystem on the Exchange to the benefit of all Members and market participants.

#### Rebates for Adding Displayed Liquidity That Establishes the NBBO

The Exchange believes that it is appropriate, reasonable, and consistent with the Act to provide a standard rebate of \$0.00295 per share for executions of Added Displayed Liquidity that establishes the NBBO on LTSE in all securities traded on the Exchange priced at or above \$1.00 per share or 0.295% of the TDV for securities priced under \$1.00 because this rebate is consistent with transaction rebates provided by other exchanges.<sup>29</sup> The Exchange further believes that this rebate structure is equitably allocated and not unfairly discriminatory because

liquidity of \$0.0016 for executions in securities priced at or above \$1.00, with no rebate for executions in securities priced below \$1.00. Further, various tiers provide the ability of a firm to receive a rebate of \$0.0032 per share; see [https://www.cboe.com/us/equities/membership/fee\\_schedule/bzx/](https://www.cboe.com/us/equities/membership/fee_schedule/bzx/). The MEMX Fee Schedule reflects rebates for “adding” displayed liquidity that range from \$0.0015 to \$0.0037 for shares executed at or above \$1.00, with 0.075% to 0.15% of total dollar value for shares executed below \$1.00, see <https://info.memxtrading.com/equities-trading-resources/us-equities-fee-schedule/>.

<sup>28</sup> Id.

<sup>29</sup> Id. The Exchange notes that MEMX does not have a standalone per share rebate for setting the NBBO, however MEMX offers an additive per share rebate of up to \$0.0002 “NBBO Setter Tier” for securities at or above \$1.00 based on the Member’s average daily adding volume.

it applies equally to all Members. Lastly, the Exchange believes that providing a higher rebate for adding displayed liquidity that establishes the NBBO is reasonable, equitable and not unfairly discriminatory as it designed to encourage the submission of well priced orders, thereby contributing to a deeper and more robust and well-balanced market ecosystem on the Exchange to the benefit of all Members and market participants.

#### Standard Rebate for Adding Non-Displayed Liquidity

The Exchange believes that it is appropriate, reasonable, and consistent with the Act to provide a standard rebate of \$0.0014 per share for executions of orders that: (i) are not displayed on the LTSE Order Book and (ii) add liquidity to the Exchange, in all securities traded on the Exchange priced at or above \$1.00 per share or 0.14% of the TDV for securities priced under \$1.00 because this rebate is consistent with transaction rebates provided by other exchanges.<sup>30</sup> The Exchange further believes that this rebate structure is equitably allocated and not unfairly discriminatory because it applies equally to all Members.

#### Other Proposed Changes Annual Membership Fee

The Exchange believes moving the Annual Membership Fee language to the proposed Fee Schedule is reasonable, equitable and not unfairly discriminatory. In particular, the Exchange believes that the proposed rule change will provide greater clarity to Members by having the Membership Fee in the Fee Schedule. Lastly, removing subsection (4) is appropriate as it is an obsolete reference which only applied during the Exchange’s first year of operations. This proposed change does not propose any substantive changes to the Membership Fees the Exchange charges. Therefore, the Exchange does not believe that the proposed change raises any new or novel issues not already considered by the Commission.

<sup>30</sup> For example, the Cboe BZX Fee Schedule reflects a standard rebate for adding liquidity of \$0.00080 for executions in securities priced at or above \$1.00, with no rebate for executions in securities priced below \$1.00. Further, various tiers provide the ability of a firm to receive a rebate of \$0.0032 per share; see [https://www.cboe.com/us/equities/membership/fee\\_schedule/bzx/](https://www.cboe.com/us/equities/membership/fee_schedule/bzx/). The MEMX Fee Schedule reflects rebates for adding non-displayed liquidity that range from \$0.0008 to \$0.028 for shares executed at or above \$1.00, with 0.075% for shares executed below a \$1.00, see <https://info.memxtrading.com/equities-trading-resources/us-equities-fee-schedule/>.

### Billing Errors

With respect to the proposed policy relating to billing errors, the Exchange believes that providing that all fees and rebates are final after three months (*i.e.*, resolving billing errors only for the three full calendar months preceding the month in which the Exchange became aware of the error) is reasonable and consistent with the Act as both the Exchange and its Members and Non-Members have an interest in knowing when its fee assessments are final and when reliance can be placed on those assessments. Indeed, without some deadline on billing errors, the Exchange and its Members and Non-Members would never be able to close their books with any confidence. As noted above, the Exchange believes this proposed change would conserve Exchange resources that would have to be expended to resolve untimely billing disputes, which could divert Exchange staff resources away from the Exchange's regulatory and business purposes. For these reasons, the Exchange believes this proposed change promotes just and equitable principles of trade, fosters cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, removes impediments to and perfects the mechanism of a free and open market and a national market system, and, in general, protects investors and the public interest.

Furthermore, as noted above, the language of proposed Rule 15.120(c) is the same as language included in MEMX Rule 15.3(c) and the fee schedules of the four Cboe U.S. equities exchanges,<sup>31</sup> and a number of other exchanges similarly consider their fees final after a similar period of time.<sup>32</sup> As such, this proposed change does not raise any new or novel issues that have not been previously considered by the Commission. This proposed change is also equitable and not unfairly discriminatory because it would apply equally to all Members (and Non-Members that pay Exchange fees) and would apply in cases where either the Member (or Non-Member) discovers the error or the Exchange discovers the error.

### Additional Changes

Lastly, the Exchange believes the additional changes are reasonable, equitable and not unfairly discriminatory. In particular, the Exchange believes that the proposed

changes will provide greater clarity to market participants when looking at either the Fee Schedule or Chapter 15 of the LTSE Rulebook. This proposed change does not propose any substantive changes fees [sic] charged by the Exchange.. Therefore, the Exchange does not believe that the proposed change raises any new or novel issues not already considered by the Commission.

In conclusion, the Exchange also submits that its proposed fee structure satisfies the requirements of Sections 6(b)(4) and 6(b)(5) of the Act for the reasons discussed above in that it provides for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities, provides certainty in billing and a process for resolving billing disputes, does not permit unfair discrimination between customers, issuers, brokers, or dealers, and is designed to promote just and equitable principles of trade, 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, particularly as the proposal neither targets nor will it have a disparate impact on any particular category of market participant. As described more fully below in the Exchange's statement regarding the burden on competition, the Exchange believes that it is subject to significant competitive forces, and that its proposed fee and rebate structure is an appropriate effort to address such forces.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Rather, as discussed above, the Exchange believes that the proposed change would encourage the submission of additional order flow to a public exchange, thereby promoting market depth, execution incentives and enhanced execution opportunities, as well as price discovery and transparency for all Members. As a result, the Exchange believes that the proposed change furthers the Commission's goal in adopting Regulation NMS of fostering competition among orders, which promotes "more efficient pricing of individual stocks for all types of orders, large and small."<sup>33</sup> 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. To the contrary, the Exchange believes that the proposed pricing structure will increase competition and is intended to draw volume to the Exchange. The Exchange believes that the ever-shifting market share among the exchanges from month to month demonstrates that market participants can shift order flow or discontinue to reduce use of certain categories of products, in response to new or different pricing structures being introduced into the market. Accordingly, competitive forces constrain the Exchange's transaction fees and rebates, and market participants can readily trade on competing venues if they deem pricing levels at those other venues to be more favorable. Although this pricing is intended to attract liquidity to the Exchange, most other exchanges in operation today already offer multiple incentives to their participants, including tiered pricing that provides higher rebates or discounted executions, and other exchanges will be able to modify such incentives in order to compete with the Exchange. Accordingly, with respect to a participant deciding to either submit an order to add liquidity or seeking to remove liquidity, there are multiple exchanges that will continue to be competitively priced for such orders when compared to the Exchange's pricing. Further, while pricing incentives can cause shifts of liquidity between trading centers, market participants make determinations on where to provide liquidity or route orders to take liquidity based on factors other than pricing, including execution quality, technology, functionality, and other considerations. Consequently, the Exchange believes that the degree to which its fees and rebates could impose any burden on competition is extremely limited, and does not believe that such fees would burden competition of Members or competing venues in a manner 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 fees and rebates apply equally to all Members. The proposed pricing structure is intended to encourage market participants to add displayed and non-displayed liquidity to the Exchange by providing rebates that are

<sup>31</sup> See *supra* notes 17–21 [sic].

<sup>32</sup> See *supra* note 22 [sic].

<sup>33</sup> See *supra* note 26 [sic].

comparable to those offered by other exchanges as well as to provide a competitive rate charged for removing liquidity, which the Exchange believes will help to encourage Members to send orders to the Exchange to the benefit of all Exchange participants. As the proposed rates are equally applicable to all market participants, the Exchange does not believe there is any burden on intramarket competition.

With respect to the proposed billing errors policy, the proposal would establish a clearly defined timeframe for fees and rebates to be considered final that would apply equally to all Members and Non-Members. Additionally, as noted above, this proposed change is similar to rules of other exchanges and therefore does not raise any new or novel issues that have not been previously considered by the Commission.<sup>34</sup>

For these reasons, the Exchange does not believe such proposed changes would impair the ability of Members or competing order execution venues to maintain their competitive standing in the financial markets, and therefore, the Exchange does not believe the proposal will impose any burden on intermarket competition. Moreover, because the proposed changes would apply equally to all Members and Non-Members, as applicable, the Exchange does not believe the proposal would impose any burden on intramarket competition.

### *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**

This proposed rule change establishes dues, fees or other charges among its members and, as such, may take effect upon filing with the Commission pursuant to Section 19(b)(3)(A)(ii) of the Act<sup>35</sup> and paragraph (f)(2) of Rule 19b-4 thereunder.<sup>36</sup> Accordingly, the proposed rule change would take effect upon filing with the Commission.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend the rule change if it appears to the Commission that the action is necessary or appropriate in the public interest, for the protection of

investors, or would otherwise further the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

### **IV. Solicitation of Comments**

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

#### *Electronic Comments*

- Use the Commission's internet comment form (<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-LTSE-2024-06 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-LTSE-2024-06. 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-LTSE-2024-06 and should be

submitted on or before October 29, 2024.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>37</sup>

**Vanessa A. Countryman,**  
*Secretary.*

[FR Doc. 2024-23062 Filed 10-7-24; 8:45 am]

BILLING CODE 8011-01-P

## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-101229; File No. SR-CBOE-2024-042]

### **Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing of a Proposed Rule Change To Amend Its Rules To Permit Orders Comprised of Options and Futures Legs ("Future-Option Orders")**

October 1, 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 September 17, 2024, Cboe Exchange, Inc. (the "Exchange" or "Cboe Options") 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**

Cboe Exchange, Inc. (the "Exchange" or "Cboe Options") proposes to amend its Rules to permit orders comprised of options and futures legs ("future-option orders"). The text of the proposed rule change is provided in Exhibit 5.

The text of the proposed rule change is also available on the Exchange's website (<http://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

<sup>34</sup> See *supra* notes 14-19 [sic].

<sup>35</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>36</sup> 17 CFR 240.19b-4(f)(2).

<sup>37</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.