August 23, 2026

VIA EMAIL

Vanessa Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: File No. 4–757; Joint Industry Plan; Notice of Filing of the Third Amendment to the Limited Liability Company Agreement of CT Plan LLC To Adopt Revenue Allocation Formula Revisions

Dear Ms. Countryman,

The Operating Committee of the CT Plan (the "CT Plan") respectfully submits this letter in support of the Third Amendment to the Limited Liability Company Agreement of CT Plan LLC (the "Third Amendment"). As described in the Securities and Exchange Commission's ("SEC") notice, the Third Amendment makes a narrow revision to the CT Plan's revenue allocation system ("RAS") formula by imposing a cap on the extent to which quote-based revenue allocation may exceed trade-based revenue allocation for a member. The Third Amendment should be approved because it represents a measured and beneficial refinement to the existing allocation framework, directed at a specific issue the Operating Committee identified in practice, without reopening the entire RAS formula for wholesale reconsideration at this time.

As the Commission's notice explains, the Third Amendment applies a 5:1 cap so that a member's quote-related revenue allocation cannot exceed five times its trade-related revenue allocation, with specified exclusions. That design is important. The amendment does not eliminate quote-based allocation, nor does it attempt to redesign every component of the current RAS formula. Instead, it addresses a discrete concern: that, in certain circumstances, quote activity may generate revenue allocations that are disproportionate to trading activity and disconnected from meaningful market contribution. The Third Amendment responds to that concern in a modest, administrable way while preserving the broader architecture of the existing formula.

The comments submitted in response to the filing do not provide a basis for disapproval. To the extent commenters such as PTG and SIFMA suggest that broader reform of the RAS formula may be warranted, that position does not undermine approval of this amendment. The question before the Commission is not whether this filing resolves every issue that could ever be raised about revenue allocation. It is whether this particular amendment is a reasonable improvement over the status quo. It plainly is. The Commission need not reopen the entire RAS formula, or require the CT Plan to resolve every possible policy debate concerning revenue allocation, in order to approve a targeted change that addresses a specific identified issue. The approval of the Third Amendment does not prevent the SEC or the Operating Committee from reviewing the remaining aspects of the formula at a future date.

The Third Amendment should be evaluated for what it is: an incremental, practical correction to a discrete problem. The Operating Committee is not asking the Commission to undertake a wholesale reconsideration of the RAS formula. Nor is the Operating Committee suggesting that this amendment represents the final possible word on revenue allocation. Rather, the Operating Committee identified a specific issue—that quote-based revenue can in some instances become disproportionate to trade-based participation—and proposed a targeted mechanism to address that issue. The Commission should encourage, not discourage, this type of bounded improvement.

The fact that some commenters would prefer a more sweeping reconsideration of the RAS formula is not a reason to reject a narrower improvement now. PTG, for example, appears to take the view that additional or broader reform may be appropriate. Even if that were so, it would not follow that the Commission should withhold approval from a measured amendment that improves the current framework today. Incremental reform is often the soundest course where a discrete distortion can be addressed without destabilizing the larger system. Put simply, the possibility of future debate over broader changes does not justify preserving an identified problem in the meantime.

The same is true to the extent SIFMA argues that the Commission should engage in a more comprehensive reassessment of the allocation framework or require a broader justification for the current approach. This proceeding does not require the Commission to decide every theoretical question about the RAS formula. It requires the Commission to assess whether the Third Amendment is a sensible and beneficial revision to the existing framework. Because the amendment is carefully bounded and directly responsive to a specific issue, the answer should be yes. Again, future consideration of broader revisions to the RAS formula does not need to hold up approval of the Third Amendment.

Finally, LTSE argues that an exchange may provide meaningful quoting activity even where that activity is not accompanied by significant trading, and that a cap of the kind adopted in the Third Amendment could therefore inappropriately diminish the value of legitimate quote-based contribution. But LTSE's objection depends on a theory of meaningful quote-only participation that LTSE has not demonstrated is actually occurring. LTSE has not presented data demonstrating that an exchange subject to the cap provides the type of market contribution as suggested by LTSE's comment letter. The Third Amendment provides data demonstrating that Members typically have maintained quote-to-trade ratios substantially less than 5:1, and allocations in excess of that ratio have historically occurred only under exceptional circumstances, such as the temporary distortions in quoting and trading related to the entry of new exchanges with low absolute trading and quoting volume. LTSE has not provided data demonstrating that the temporary distortions are associated with what it considers to be meaningful quote-only participation.

That point matters because the Third Amendment does not rest on a categorical judgment that quoting is unimportant. To the contrary, the Third Amendment continues to recognize quote-based contribution by preserving quote-related allocation. It simply limits the extent to which quote-based allocation may outpace trade-based allocation. LTSE's argument therefore does not provide a persuasive basis to reject the amendment.

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The Commission need not determine in this proceeding whether additional future modifications to the RAS formula may ever be appropriate. Nor must the Commission accept commenter invitations to transform this filing into a referendum on every feature of the existing allocation methodology. Section 4.1(a)(vi) of the CT Plan states that the Operating Committee is responsible for "designing a fair and reasonable revenue allocation formula for allocating plan revenues to be applied by the Administrator, and overseeing, reviewing, and revising that formula as needed." The Third Amendment is one step in designing a fair and reasonable RAS formula, but the Operating Committee remains committed to overseeing a broader review of the RAS formula, especially in light of broader market reforms being considered by the SEC. The Third Amendment addresses a specific concern through a narrow, balanced, and practical change. It preserves the existing framework, retains recognition for quote-based activity, and introduces only a modest limitation designed to prevent results that can become untethered from meaningful market participation.

For all these reasons, the CT Plan respectfully submits that the Third Amendment should be approved by the Commission. The amendment is a measured refinement to the existing revenue-allocation framework, directed at a specific identified issue, and the objections raised by PTG, LTSE, and SIFMA do not justify disapproval. To the contrary, the filing reflects a prudent step toward better aligning allocation outcomes with real-world market contribution while avoiding the disruption that would accompany reopening the full RAS formula in this proceeding.

Sincerely,

/s/ Jeff Kimsey

Jeff Kimsey
Chair of the CT Plan

cc: Jamie Selway, SEC
Kelly Riley, SEC
James Dombach, Davis Wright Tremaine
Nellie Dunderdale, Davis Wright Tremaine