



July 26, 2019

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

Re: ***SIFMA Comment Letter on Cboe Proposed Trading Right Fees; File Nos. SR-CboeBYK-2019-009; SR-CboeBZX-2019-041; SR-CboeEDGA-2019-011; SR-CboeEDGX-2019-029;***

Dear Ms. Countryman:

The Securities Industry and Financial Markets Association (“SIFMA”)<sup>1</sup> appreciates the U.S. Securities and Exchange Commission (“Commission”) instituting proceedings pursuant to Section 19(b)(2) of the Securities and Exchange Act (“Exchange Act”) to determine whether to approve or disapprove Cboe BYX Exchange, Inc. (“BYK”),<sup>2</sup> Cboe BZX Exchange, Inc. (“BZX”),<sup>3</sup> Cboe EDGA Exchange, Inc. (“EDGA”),<sup>4</sup> Cboe EDGX Exchange, Inc. (“EDGX”),<sup>5</sup> (together, “Exchanges”) proposed rule changes to amend its trading rights fees. In our view, the Exchanges have not provided enough information on revenues and cost for the Commission to determine whether the proposed fees satisfy the Exchange Act.

The Exchanges must provide sufficient information upon which to base a determination that the proposed fees are consistent with the requirements of Sections 6(b)(5), 6(b)(6) and 6(b)(9) of the Exchange Act. That information may follow the examples of necessary

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<sup>1</sup> SIFMA is the leading trade association for broker-dealers, investment banks and asset managers operating in the U.S. and global capital markets. On behalf of our industry’s nearly 1 million employees, we advocate for legislation, regulation and business policy, affecting retail and institutional investors, equity and fixed income markets and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. We also provide a forum for industry policy and professional development. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, visit <http://www.sifma.org>.

<sup>2</sup> See Securities Exchange Act Release No. 86232 (June 28, 2019), 84 FR 32227 (July 5, 2019).

<sup>3</sup> See Securities Exchange Act Release No. 86233 (June 28, 2019), 84 FR 32230 (July 5, 2019).

<sup>4</sup> See Securities Exchange Act Release No. 86236 (June 28, 2019), 84 FR 32235 (July 5, 2019).

<sup>5</sup> See Securities Exchange Act Release No. 86231 (June 28, 2019), 84 FR 32233 (July 5, 2019).

information set forth in the recent Staff Guidance on SRO Rule Filings Relating to Fees,<sup>6</sup> or through another acceptable means. However, the Exchanges may not base the fee increases simply on assertions that they satisfy the Exchange Act requirements.

The trade-through requirements under Regulation NMS<sup>7</sup> and broker-dealers' best execution obligations effectively require direct or indirect access and connection to all registered exchanges, and each exchange remains the exclusive purveyor of those services – *i.e.*, access to the exchange's facilities. In other words, competition does not constrain the Exchanges' trading rights fees when broker-dealers must pay these fees prior to being able to satisfy their regulatory obligations. Therefore, the Exchanges should include quantitative data showing its anticipated revenues, costs and profitability—and describe its methodology for estimating the baseline and expected costs and revenues—to support its assertion that the trading rights fees are fair and reasonable. In our view, the Exchanges provided insufficient evidence for the Commission to independently determine whether the proposed trading rights fees satisfy the requirements of the Exchange Act.

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SIFMA greatly appreciates the Commission's consideration of the issues raised above and would be pleased to discuss these comments in greater detail. If you have any questions or need any additional information, please contact me (at [REDACTED] or [REDACTED]).

Sincerely,



Theodore R. Lazo  
Managing Director and  
Associate General Counsel

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<sup>6</sup> SEC's Division of Trading and Markets, *Staff Guidance on SRO Rule Filings Relating to Fees* ("Staff Guidance") (May 21, 2019).

<sup>7</sup> CFR 242.611.