

December 23, 2016

Brent J. Fields
Secretary, United States Securities and Exchange Commission
100 F St., NE
Washington, DC 20549

RE: Release No. 34-79316; File No. SR-NYSE- 2016-45

Dear Secretary Fields:

Wolverine Trading LLC (WT), Wolverine Execution Services LLC (WEX), and Wolverine Trading Technologies LLC (WTT) (together "Wolverine") appreciates the opportunity to comment on the proposed rule changes by NYSE regarding establishment of new fees. WT is a proprietary trading firm and registered market maker on all 14 US options exchanges and requires the lowest latency equity data from all US equity exchanges in order to generate competitive quotes in the options marketplace. WEX is a registered broker dealer, providing options smart order router services requiring best execution, which can be customized to each client optimizing for transaction fees, price improvement, or any combination of these and other factors as per each client's request. WTT is a technology provider, focusing on providing low latency technology solutions to all Wolverine companies. As such, Wolverine is required to subscribe to the lowest latency NYSE market data products and services.

We are concerned that NYSE's continued escalation in market data fees violate Section 6(b)(4), Section 6(b)(5), and Section 6(b)(8) of the Act and applaud the additional scrutiny the Commission is applying to this filing. In summary, the high market data fees impair fair and equal access to the US marketplace due to unequal cost distribution that bears no resemblance to NYSE's actual cost of providing the data, and are not constrained by competitive forces because NYSE has a monopoly on the distribution of its lowest latency market data.

All-in total NYSE fees

We have attempted to substantiate the totality of NYSE exchange fees below. By our calculation, NYSE's market data costs have increased by over 700% over 8 years. As a reference, our third party (non NYSE) colocation and circuit costs have been flat/unchanged (0%) over this time period.

In 2008, Wolverine's NYSE fixed equity market data expenses totaled \$7,250 per month, with NYSE port fees an additional \$32,000 per month, excluding taxes.

NYSE Openbook Access Fee:	\$5,000
NYSE Trades Access Fee:	\$1,500
ArcaBook Access Fee:	\$750
NYSE 10G port access primary:	\$16,000
NYSE 10G port access secondary:	\$16,000

In 2016, our NYSE fixed equity market data expenses totaled \$52,800 per month, with NYSE colocation/port fees an additional \$70,950 per month, excluding taxes. NYSE did not operate a

colocation facility in 2008, but our third party colocation cost in the NJ area for the same amount of power and space was \$16,000/month as a reference, versus the \$33,450/month we paid in 2016. Note that other firms may have substantially higher costs, as they may be subject to Category 2 and 3 non-display fees or may require more colocation space.

NYSE colocation, 4 cabinet cage:	\$2,700
NYSE colocation, 29kw of power:	\$30,750
NYSE colocation, 2 cross connects for connectivity:	\$1,000
NYSE colocation LCN primary port:	\$20,000
NYSE colocation IP 1Gb port:	\$2,500
NYSE SFTI IP port (secondary outside Mahwah):	\$14,000

NYSE Classic Integrated bandwidth/connectivity on LCN:	\$1,500
NYSE Classic Integrated bandwidth/connectivity on IP:	\$1,500
NYSE Arca Integrated bandwidth/connectivity on LCN:	\$1,500
NYSE Arca Integrated bandwidth/connectivity on IP:	\$3,000
NYSE MKT Integrated bandwidth/connectivity on LCN:	\$300
NYSE Classic Integrated fee:	\$7,500
NYSE Arca Integrated fee:	\$3,000
NYSE MKT Integrated fee:	\$2,500
NYSE Classic Integrated non display fee (cat 1 only):	\$20,000
NYSE Arca Integrated non display fee (cat 1 only):	\$7,000
NYSE MKT Integrated non display fee (cat 1 only):	\$5,000

Monthly Total: \$123,750

Note that these totals do not include the cost for NYSE options data, which we have excluded for the sake of clarity as nothing in this filing discussed new fees for options data.

Estimate of “reasonable” cost – Section 6(b)(4)

From a practical standpoint, a typical network switch has approximately 48 10G ports and sells for approximately \$20,000. The exchange charges a MONTHLY port charge of \$20,000, and with 48 sold ports, generates \$11.5 million per year in revenue for a one time capital outlay of \$20,000. Even factoring in additional network equipment costs and employee salaries required to implement the entire network, we conclude that the port fees are beyond any possible interpretation of “reasonable.”

Impact of true competition on cost

WEX runs an options smart order router platform that competes for options order flow with multiple other similar platforms. WEX does not charge any port fees (zero), access or bandwidth fees (zero). Obviously, the NYSE does not feel a similar competitive constraint.

Amendment A - Connectivity fees for Premium NYSE Data Products

NYSE is already charging “access” fees as an additional line item per market data feed on top of the port fee. The addition of “connectivity” fees (or “bandwidth” fees as specified on our most recent invoice) with their “Premium NYSE Data Products” (as specified in Amendment A) is a perfect example of a fee that has no merit on its own. Each port as a limited amount of capacity (or bandwidth). Should we purchase a total number of market data services that exceed the

bandwidth available on a port, we'd simply need to purchase another port. In addition, each feed already has a separate monthly access fee. Furthermore, each feed is available via no other vendor at the same level of latency (monopoly). Adding an additional connectivity/bandwidth charge for each market data feed is simply "double dipping."

Because of this, we not only ask the commission to reject this rule filing, but also re-examine previously approved "connectivity/bandwidth" fees for NYSE's Integrated feeds.

"Exclusive" Language

In amendment "A," we object to the language on page 9 and 12 of 75 stating:

"The Exchange is not the exclusive method to connect to the Included Data Products."

"The Exchange is not the exclusive method to connect to Premium NYSE Data Products."

We believe this language to be misleading at best and factually incorrect at worst. There are no other equal latency methods of accessing this data other than through NYSE ports. No third party (non-NYSE) provider can provide this data at the same latency as NYSE.

Amendment C - "Third Party Systems"

Wolverine does **not** object to NYSE's establishment of fees as updated in Amendment 3 to "Third Party Systems" as these services are highly competitive. If NYSE's fees are too high for these services, firms will contract with other parties or contract directly with network providers. As a reference, Wolverine finds NYSE's third part system costs out of line and does not subscribe to this NYSE offering, instead implementing this connectivity internally using a proprietary network. No such opportunity exists for "Premium NYSE Data Products."

Agreement with other comment letters

Wolverine affirms it is in complete agreement with the comment letters submitted by Citadel Securities and SIFMA. If offered the opportunity, it would co-sign their comment letters.

Closing

In closing, any competitive equity or options firm requires **equal** latency access to market data (meaning, not being disadvantaged by using a slower feed such as CQS/UQDF provided by NMS). We feel the increased monthly costs taken, in total, violate Section 6(b)(8) of the act, as the high monthly cost presents an "undue burden on competition" that is not "necessary." A new broker dealer with best execution obligations would incur \$123,750 per month of fixed costs in colocation, port, and access fees today, solely for access to NYSE controlled markets. The escalation of these fees impedes a free and open market, by creating an artificial (cost) barrier to entry for smaller broker-dealers and new firms.

This is a monopoly; no equal latency alternatives exist – thus, the exchanges should not have the ability to escalate existing fees and create new ones with reckless abandon as it fails to protect investors and the public interest, violating section 6(b)(5).

Wolverine appreciates the SEC acting as a critical component to monitor and correct violations of the Act.

Sincerely yours,

David L. Cavicke
Chief Legal Officer
Wolverine Trading LLC
Wolverine Execution Services LLC
Wolverine Trading Technologies LLC