

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-85799; File No. SR-CboeEDGA-2019-008)

May 7, 2019

Self-Regulatory Organizations; Cboe EDGA Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Amend Rule 11.11 and Rule 11.16, as well as its Fee Schedule, to Delete References to the SWPB Routing Option

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on April 25, 2019, Cboe EDGA Exchange, Inc. (the “Exchange” or “EDGA”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange filed the proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act³ and Rule 19b-4(f)(6) thereunder.⁴ 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 EDGA Exchange, Inc. (the “Exchange” or “EDGA”) proposes to amend Rule 11.11 and Rule 11.16, as well as its Fee Schedule, to delete references to the SWPB routing option. 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://markets.cboe.com/us/equities/regulation/rule_filings/edga/), at the Exchange’s Office of the Secretary, and at the Commission’s Public Reference Room.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b-4(f)(6).

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 Rule 11.11(g) (Routing Options) to delete the SWPB routing option under subparagraph (g)(10), as well as references to the SWPB routing option under Rule 11.16(e) (Limit Up-Limit Down Mechanism). The Exchange also proposes to amend its fee schedule to delete references to the SWPB routing options under fee code SW and under footnote 3. The Exchange intends to implement the proposed rule changes on May 1, 2019.

Currently, Rule 11.11(g) provides for a variety of routing away options under which the System⁵ will consider the quotations only of accessible Trading Centers. The term "System routing table" refers to the proprietary process for determining the specific trading venues to which the System routes orders and the order in which it routes them.⁶ Rule 11.13(g)(10) currently provides for SWPB as one of such routing options. SWPB is a routing option under which an order checks the System for available shares and then is sent to only Protected Quotations and only for displayed

⁵ The "System" is the Exchange's electronic communications and trading facility designated by the Board through which securities orders of Users are consolidated for ranking, execution and, when applicable, routing away. See Exchange Rule 1.5(cc).

⁶ The Exchange reserves the right to maintain a different System routing table for different routing options and to modify the System routing table at any time without notice. See Exchange Rule 11.11(g).

size. To the extent that any portion of the routed order is unexecuted, the remainder is posted to the EDGA Book at the order's limit price, unless otherwise instructed by the User.⁷ Also, if at the time of entry, there is an insufficient share quantity in the SWPB order to fulfill the displayed size of all Protected Quotations, then the entire SWPB order will be cancelled back to the User immediately. Currently, Rule 11.16 provides for the Regulation NMS Plan to Address Extraordinary Market Volatility (the "Plan") during a pilot period. Specifically, Rule 11.16(e)(5)(D)(ii) provides a description of how the two current SWP routing strategies, SWPA and SPWB, are handled in accordance with the Plan when an order to buy utilizing an SWP routing strategy has a limit price that is greater than the Upper Price Band or if a sell order utilizing an SWP routing strategy has a limit price that is less than the Lower Price Band. Additionally, current fee code SW is yielded on orders routed using SWPA or SWPB routing strategies, except for removal of liquidity from the New York Stock Exchange ("NYSE").⁸ Current footnote 3 provides that fee code D will be yielded on orders routed using SWPA or SWPB if such strategy removes liquidity from NYSE.

The Exchange has determined that because few Users elect the SWPB routing option, which often experiences no usage for extended periods of time, the current demand does not warrant the infrastructure and ongoing maintenance expenses required to support these products. Therefore, the Exchange now proposes to delete SWPB as a routing option under Rule 11.11(g)(10) and references to the SWPB routing option under Rule 11.16(e)(5)(D)(ii). The Exchange proposes to amend Rule 11.11(g) formatting accordingly, changing the numbering of current subparagraphs (g)(11) through (g)(16) to subparagraphs (g)(10) through (g)(15). The Exchange also proposes to amend its fee schedule to delete references to the SWPB routing

⁷ The term "User" is defined as "any Member or Sponsored Participant who is authorized to obtain access to the System pursuant to Rule 11.3." See Exchange Rule 1.5(ee).

⁸ Orders that yield fee code SW receive a discounted fee of \$0.0031 per share at or above \$1.00 and 0.30% of Dollar Value per share below \$1.00.

option under fee code SW, as well as under footnote 3. The Exchange notes that Users seeking to route only to Protected Quotations for displayed size may use the other SWP routing option, SWPA.⁹

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.¹⁰ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹¹ 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)¹² requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, The Exchange does not believe that this proposal will permit unfair discrimination among customers, brokers, or dealers because the SWPB routing options will no longer be available to all Users. Also, the Exchange believes the proposed rule change to remove references to SWPB will remove impediments to the mechanism of a free and open

⁹ See Exchange Rule 11.11(g)(9).

¹⁰ 15 U.S.C. 78f(b).

¹¹ 15 U.S.C. 78f(b)(5).

¹² Id.

market, thereby protecting investors and the public interest. As stated, the Exchange noted that few Users elect the SWPB routing option and has determined that the current demand does not warrant the infrastructure and ongoing maintenance expense required to support these products. Therefore, the Exchange is discontinuing this routing option. The Exchange notes that routing through the Exchange is voluntary and Users are free to designate the alternative SWP routing option, SWPA, currently offered by the Exchange.¹³ In addition, the SWPB routing option is not a core product offering by the Exchange, nor is the Exchange required by the Act to offer such a product. By removing references to a routing option that will no longer be offered by the Exchange, the Exchange believes the proposed rule change will remove impediments to the mechanism of a free and open market and protect investors by providing investors with increased transparency regarding rules that reflect routing options currently available on the Exchange.

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 proposed rule change to remove SWPB is not designed to address any competitive issues but rather to increase transparency by eliminating the SWPB routing option that is to be discontinued by the Exchange.

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.

¹³ See supra note 9.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act¹⁴ and Rule 19b-4(f)(6)¹⁵ thereunder. Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act¹⁶ and Rule 19b-4(f)(6)¹⁷ thereunder.

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative for 30 days after the date of the filing. However, Rule 19b-4(f)(6)(iii)¹⁸ permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay. In support of its waiver request, the Exchange stated its belief that waiving the operative delay would allow the Exchange to modify its rules in a timely manner by eliminating rules that account for a service the Exchange intends to discontinue on May 1, 2019. The Commission believes that waiver of the operative delay is consistent with the protection of

¹⁴ 15 U.S.C. 78s(b)(3)(A)(iii).

¹⁵ 17 CFR 240.19b-4(f)(6).

¹⁶ 15 U.S.C. 78s(b)(3)(A)(iii).

¹⁷ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires the Exchange to give the Commission written notice of the Exchange's intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

¹⁸ 17 CFR 240.19b-4(f)(6)(iii).

investors and the public interest, and accordingly, the Commission hereby waives the 30-day operative delay and designates the proposed rule change operative upon filing.¹⁹

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 (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-CboeEDGA-2019-008 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-CboeEDGA-2019-008. This file number should be included on the subject line if e-mail is used. To help the Commission process and

¹⁹ For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://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, D.C. 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. All comments received will be posted without change.

Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to

make available publicly. All submissions should refer to File Number SR-CboeEDGA-2019-008 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁰

Eduardo A. Aleman
Deputy Secretary

²⁰ 17 CFR 200.30-3(a)(12).