SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-90432; File No. SR-CboeEDGX-2020-053)

November 16, 2020

Self-Regulatory Organizations; Cboe EDGX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend the Fee Schedule

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),[1] and Rule 19b-4 thereunder,[2] notice is hereby given that on November 2, 2020, Cboe EDGX Exchange, Inc. (the "Exchange" or "EDGX") 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 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 EDGX Exchange, Inc. (the "Exchange" or "EDGX") is filing with the Securities and Exchange Commission ("Commission") a proposed rule change to amend the fee schedule. 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/options/regulation/rule_filings/edgx/), 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 the proposed rule change and discussed any comments it received on the

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

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 its fee schedule applicable to its equities trading platform ("EDGX Equities") by: 1) eliminating certain volume tiers; 2) updating the Non-Displayed Add Volume Tiers; and 3) updating the Retail Volume Tiers, effective November 2, 2020.

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 is only one of 16 registered equities exchanges, as well as a number of alternative trading systems and other off-exchange venues that do not have similar self-regulatory responsibilities under the Exchange Act, to which market participants may direct their order flow. Based on publicly available information,[3] no single registered equities exchange has more than 18% of the market share. Thus, in such a low-concentrated and highly competitive market, no single equities exchange possesses significant pricing power in the execution of order flow. The Exchange in particular operates a "Maker-Taker" model whereby it pays credits to members that provide liquidity and assesses fees to those that remove liquidity. The Exchange's fee schedule sets forth the standard rebates and rates applied per share for orders that provide and remove liquidity,

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3 See Cboe Global Markets, U.S. Equities Market Volume Summary, Month-to-Date (October 28, 2020), available at https://markets.cboe.com/us/equities/market_statistics/.

respectively. Currently, for orders priced at or above $1.00, the Exchange provides a standard rebate of $0.00160 per share for orders that add liquidity and assesses a fee of $0.00270 per share for orders that remove liquidity. For orders priced below $1.00, the Exchange a standard rebate of $0.00009 per share for orders that add liquidity and assesses a fee of 0.30% of Dollar Value for orders that remove liquidity. Additionally, in response to the competitive environment, the Exchange also offers tiered pricing which provides Members opportunities to qualify for higher rebates or reduced fees where certain volume criteria and thresholds are met. Tiered pricing provides an incremental incentive for Members to strive for higher tier levels, which provides increasingly higher benefits or discounts for satisfying increasingly more stringent criteria.

Elimination of Volume Tiers

Pursuant to footnote 1 of the Fees Schedule, the Exchange currently offers Add Volume Tiers (tiers 1 through 4, plus six various additional tiers) that provide Members an opportunity to receive an enhanced rebate from the standard fee assessment for liquidity adding orders that yield fee codes “B”[4], “V”[5],“Y”[6], “3”[7], and “4”[8]. The Add Volume Tiers currently offer ten different tiers that vary in levels of criteria difficulty and incentive opportunities in which Members may qualify

4 Appended to orders that add liquidity to EDGX (Tape B) and offered a rebate of $0.00160 per share.

5 Appended to orders that add liquidity to EDGX (Tape A) and offered a rebate of $0.00160 per share.

6 Appended to orders that add liquidity to EDGX (Tape C) and offered a rebate of $0.00160 per share.

7 Appended to orders that add liquidity to EDGX pre and post market (Tape A or C) and offered a rebate of $0.00160 per share.

8 Appended to orders that add liquidity to EDGX pre and post market (Tape B) and offered a rebate of $0.00160 per share.

for enhanced rebates for such orders. The Exchange proposes to eliminate three of those tiers. First, the Exchange proposes to eliminate Growth Tier 1 (and renumber Growth Tiers 2 and 3 accordingly), which provides a $0.0020 per share rebate for Members that (1) add an ADV[9] of greater than or equal to 0.10% of the TCV[10] or (2) have a Step-Up Add TCV from March 2019 greater than or equal to 0.05%. The Exchange also proposes to eliminate its Cross-Asset Volume Tiers. Particularly, Cross-Asset Volume Tier 1 provides a $0.0027 per share rebate for Members that (1) add an ADV greater than or equal to 0.20% of the TCV and (2) have an ADV in Customer orders on EDGX Options greater than or equal to 0.08% of average OCV.[11] Cross-Asset Volume Tier 2 similarly provides a $0.0027 per share rebate for Members that (1) add an ADV greater than or equal to 0.05% of the TCV and (2) have an ADV in AIM orders on EDGX Options greater than or equal to 25,000 contracts. The Exchange also proposes to eliminate Tape B Volume Tier, which is currently described under footnote 2 of the fees schedule (the Exchange also proposes to remove footnote 2 from the applicable Fees Code Table). Particularly, Tape B Volume Tier consists of one tier which applies to orders yielding fee code B and 4 and provides a $0.0027 per share rebate to Members that add an ADV greater than or equal to 0.10% of the TCV in Tape B securities.

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[9] "ADV" means average daily volume calculated as the number of shares added to, removed from, or routed by, the Exchange, or any combination or subset thereof, per day. ADV is calculated on a monthly basis.

[10] "TCV" means total consolidated volume calculated as the volume reported by all exchanges and trade reporting facilities to a consolidated transaction reporting plan for the month for which the fees apply.

[11] "OCV" means for purposes of equities pricing, the total equity and ETF options volume that clears in the Customer range at the Options Clearing Corporation ("OCC") for the month for which the fees apply, excluding volume on any day that the Exchange experiences an Exchange System Disruption and on any day with a scheduled early market close, using the definition of Customer as provided under the Exchange's fee schedule for EDGX Options.

In particular, the Exchange proposes to eliminate Cross-Asset Tier 1 as no Member has reached this tier in several months and the Exchange therefore no longer wishes to, nor is it required to, maintain such tier. The Exchange proposes to eliminate Growth Tier 1, Cross-Asset Tier 2 and Tape B Volume Tier as it no longer wishes to, nor is it required to, maintain such tiers. More specifically, the proposed rule change removes these tiers as the Exchange would rather redirect resources and funding into other programs and tiers intended to incentivize increased order flow.

Proposed Updates to the Non-Displayed Add Volume Tiers

Currently, the Exchange provides for three Non-Displayed Add Volume Tiers under footnote 1 of the Fee Schedule. These tiers offer enhanced rebates on Members' orders yielding fee codes "DM"[12], "HA"[13], "MM"[14] and "RP"[15] where a Member reaches certain required volume-based criteria offered in each tier. Specifically, the Non-Displayed Add Volume Tiers are as follows:

- Tier 1 provides an enhanced rebate of $0.0015 for a Member's qualifying orders (i.e., yielding fee codes DM, HA, MM and RP) where a Member adds an ADAV[16] greater than or equal to 0.01% of TCV for Non-Displayed orders that yield fee codes DM, HA, HI, MM or RP.

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12 Appended to orders that add liquidity using MidPoint Discretionary order within discretionary range and are provided a rebate of $0.00100.

13 Appended to non-displayed orders that add liquidity and are provided a rebate of $0.00100.

14 Appended to non-displayed orders that add liquidity using Mid-Point Peg and are provided a rebate of $0.00100.

15 Appended to non-displayed orders that add liquidity using Supplemental Peg and are provided a rebate of $0.00100.

16 "ADAV" means average daily added volume calculated as the number of shares added per day.

- Tier 2 provides an enhanced rebate of $0.0022 for a Member's qualifying orders where a Member adds an ADAV greater than or equal to 0.02% of TCV for Non-Displayed orders that yield fee codes DM, HA, HI, MM or RP.
- Tier 3 provides an enhanced rebate of $0.0025 for a Member's qualifying orders where a Member has an ADAV greater than or equal to 0.05% of TCV for Non-Displayed orders that yield fee codes DM, HA, HI, MM or RP.

The Exchange proposes to update the criteria in Non-Displayed Add Volume Tiers 2 and 3 as follows below. The Exchange notes that the enhanced rebates currently provided in each tier remain the same.

- To meet the proposed criteria in Tier 1 [sic], a Member must have an ADAV greater than or equal to 0.05% (instead of 0.02%) of TCV for Non-Displayed orders that yield fee codes DM, HA, HI, MM or RP.
- To meet the proposed criteria in Tier 3, a Member must have an ADAV greater than or equal to 0.10% (instead of 0.05%) of TCV for Non-Displayed orders that yield fee codes DM, HA, HI, MM or RP.

The Exchange notes Non-Displayed Add Volumes Tiers 2 and 3, as modified, continue to be available to all Members and provide Members an opportunity to receive an enhanced rebate, albeit using more stringent criteria. Moreover, the proposed changes are designed to encourage Members to increase non-displayed liquidity on the Exchange, which further contributes to a deeper, more liquid market and provides even more execution opportunities for active market participants at improved prices.

<u>Retail Volume Tiers</u>

Pursuant to footnote 3 of the fee schedule, the Exchange currently offers Retail Volume Tiers which provide Retail Member Organizations ("RMOs")[17] an opportunity to receive an enhanced rebate from the standard rebate for Retail Orders[18] that add liquidity (i.e., yielding fee code "ZA"[19]). Currently, the Retail Volume Tiers offer three levels of criteria difficulty and incentive opportunities in which RMOs may qualify for enhanced rebates for Retail Orders. The tier structures are designed to encourage RMOs to increase their order flow in order to receive an enhanced rebate on their liquidity adding orders, and the Exchange now proposes to amend existing Retail Volume Tiers 1, 2 and 3.

Specifically, the current Retail Volume Tiers are as follows:

- Tier 1 provides an enhanced rebate of $0.0034 for a Member's qualifying orders (i.e., yielding fee code ZA) where a Member (1) has a Retail Step-Up Add TCV (i.e. yielding fee code ZA) from February 2020 greater than or equal to 0.05% and (2) adds a Retail Order ADV (i.e., yielding fee code ZA) greater than or equal to 0.20% of the TCV.
- Tier 2 provides an enhanced rebate of $0.0037 for a Member's qualifying orders (i.e., yielding fee code ZA) where a Member has a Retail Step-Up Add TCV (i.e. yielding fee code ZA) from May 2020 greater than or equal to 0.10%.

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17 A "Retail Member Organization" or "RMO" is a Member (or a division thereof) that has been approved by the Exchange under this Rule to submit Retail Orders. See EDGX Rule 11.21(a)(1).

18 A "Retail Order" is an agency or riskless principal order that meets the criteria of FINRA Rule 5320.03 that originates from a natural person and is submitted to the Exchange by a Retail Member Organization, provided that no change is made to the terms of the order with respect to price or side of market and the order does not originate from a trading algorithm or any other computerized methodology. See EDGX Rule 11.21(a)(2).

19 Appended to Retail Orders that add liquidity to EDGX and offered a rebate of $0.0032 per share.

- Tier 3 provides an enhanced rebate of $0.0038 for a Member’s qualifying orders (i.e., yielding fee code ZA) where a Member adds a Retail Order ADV (i.e. yielding fee code ZA) greater than or equal to 0.50%.

The Exchange proposes to update the criteria in Retail Volume Tiers 1, 2 and 3 as follows below.

- To meet the proposed criteria in Tier 1, a Member must add a Retail Order ADV (i.e. yielding fee code ZA) greater than or equal to 0.35% (instead of 0.20%) of the TCV. The Exchange also proposes to eliminate the first prong of current Retail Volume Tier 1 (i.e., that a Member have a Retail Step-Up Add TCV from February 2020 ≥ 0.05%).
- To meet the proposed criteria in Tier 2, a Member must continue to meet the current prong of Retail Volume Tier 2 but also meet a new additional prong requiring that a Member remove a Retail Order ADV (i.e., yielding fee code ZR) greater than or equal to 0.15% of the TCV.
- To meet the proposed criteria in Tier 3, a Member must add a Retail Order ADV (i.e. yielding fee code ZA) greater than or equal to 0.60% (instead of 0.50%). The Exchange also proposes to reduce the rebate from $0.0038 to $0.0036 per share.

The Exchange notes Retail Volume Tiers 1, 2 and 3, as modified, continue to be available to all RMOs and provide RMOs an opportunity to receive an enhanced rebate, albeit using a more stringent criteria. Moreover, the proposed changes are designed to encourage RMOs to increase retail order flow on the Exchange encourage Members to increase non-displayed liquidity [sic] on the Exchange, which further contributes to a deeper, more liquid market and provides even more execution opportunities for active market participants at improved prices.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,[20] in general, and furthers the objectives of Section 6(b)(4),[21] in particular, as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members, issuers and other persons using its facilities. 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 proposed rule changes reflect a competitive pricing structure designed to incentivize market participants to direct their order flow to the Exchange, which the Exchange believes would enhance market quality to the benefit of all Members.

In particular, the Exchange believes the proposal to remove the Growth Tier 1, Cross-Asset Volume Tier 2 and Tape B Volume Tier is reasonable because the Exchange is not required to maintain these tiers and Members still have a number of other opportunities and a variety of ways to receive enhanced rebates for displayed liquidity adding orders, including via the existing add volume tiers and growth tiers. The Exchange believes the proposal to eliminate these tiers is also equitable and not unfairly discriminatory because it applies to all Members (i.e., the tier won't be available for any Member). The Exchange notes that recently one Member was satisfying the criteria of Growth Tier 1, one Member was satisfying the criteria of the Tape B Volume Tier and two members were satisfying the criteria of Cross-Asset Tier 2. The Exchange also notes that the proposed change does not preclude any Member, including the Members that were receiving the rebates under these tiers, from achieving the remaining add

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[20] 15 U.S.C. 78f.

[21] 15 U.S.C. 78f(b)(4).

volume tiers and growth volume tiers to qualify for the remaining enhanced rebates or other available enhances [sic] rebates under other incentive tiers.[22] Additionally, those Members are still entitled to a rebate for its displayed orders adding liquidity (i.e., the standard rebate), albeit a rebate that is lower than the amount under Growth Tier 1, Tape B Volume Tier and Cross-Asset Volume Tier 2. The proposed rule change merely results in Members not receiving particular enhanced rebates, which as noted above, the Exchange is not required to offer or maintain. Additionally, as noted above, those Members, along with all other Members, are eligible to qualify for the remaining add volume tier rebates should they satisfy the respective criteria.

The Exchange also believes the proposed amendment to remove the Cross-Asset Tier 1 is reasonable because no Member has achieved this tier in several months. Furthermore, the Exchange is not required to maintain this tier and as discussed, Members still have a number of other opportunities and a variety of ways to receive enhanced rebates, including the proposed enhanced standard rebates for displayed orders adding liquidity. The Exchange believes the proposal to eliminate these tiers is also equitable and not unfairly discriminatory because it applies to all Members.

The Exchange believes the proposed changes to the Non-Displayed Add Volume Tiers 2 and 3 and Retail Volume Tiers 1, 2 and 3 are reasonable because each tier, as modified, continues to be available to all Members and RMOs, respectively, and provide Members and RMOs, respectively, an opportunity to receive an enhanced rebate, albeit using more stringent criteria. The Exchange next notes that relative volume-based incentives and discounts have been

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22 See e.g., Cboe EDGX Equities Fee Schedule, Footnote 1, which provides various Add/Remove Volume Tiers applicable to fee codes B, V, Y, 3 and 4.

widely adopted by exchanges,[23] including the Exchange,[24] and are reasonable, equitable and non-discriminatory because they are open to all Members (and RMOs as applicable) on an equal basis and provide additional benefits or discounts that are reasonably related to (i) the value to an exchange's market quality and (ii) associated higher levels of market activity, such as higher levels of liquidity provision and/or growth patterns. Additionally, as noted above, the Exchange operates in a highly competitive market. The Exchange is only one of several equity venues to which market participants may direct their order flow, and it represents a small percentage of the overall market. It is also only one of several maker-taker exchanges. Competing equity exchanges offer similar tiered pricing structures to that of the Exchange, including schedules of rebates and fees that apply based upon members achieving certain volume thresholds. These competing pricing schedules, moreover, are presently comparable to those that the Exchange provides, including the pricing of comparable tiers.

The Exchange also believes that the current enhanced rebates under Non-Displayed Tiers 2 and 3 and Retail Volume Tiers 1 and 2, along with the proposed reduced rebate under Retail Volume Tier 3, continue to be commensurate with the proposed criteria. That is, the additional rebates reasonably reflect the difficulty in achieving the corresponding criteria as amended. Also,

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23 See e.g., Nasdaq PSX Price List, Rebate to Add Displayed Liquidity (Per Share Executed), which provides rebates to members for adding displayed liquidity over certain thresholds of TCV ranging between $0.0020 and $0.0026; Cboe BZX U.S. Equities Exchange Fee Schedule, Footnote 1, Add Volume Tiers, which provides similar incentives for liquidity adding orders and offers rebates ranging between $0.0018 and $0.0032; Nasdaq Price List, Rebate to Add Displayed Designated Retail Liquidity, which offer rebates of $0.00325 and $0.0033 for Add Displayed Designated Retail Liquidity.

24 See generally, Cboe EDGX U.S. Equities Exchange Fee Schedule, Footnote 1, Add Volume Tiers, which provides incentives for ADV/ADAV order flow as a percentage of TCV and for criteria based on certain other threshold components (i.e. Step-Up Add TCV, average OCV, and AIM and Customer orders); and Footnote 3, Retail Volume Tiers, which provides incentives for Retail Step-Up Add TCV and Retail Order ADV as a percentage of TCV.

the Exchange's affiliated equities exchange, BZX Equities, currently has Non-Displayed Volume Tiers in place, which offer substantially similar enhanced rebates and corresponding criteria.[25]

Overall, the Exchange believes that the proposed changes to the Non-Displayed Add Volume Tiers, each based on a Member's liquidity adding orders, will benefit all market participants by incentivizing continuous liquidity and, thus, deeper more liquid markets as well as increased execution opportunities. Particularly, the proposed changes to the Non-Displayed Add Volume Tiers are designed to incentivize non-displayed liquidity, which further contributes to a deeper, more liquid market and provide even more execution opportunities for active market participants at improved prices. This overall increase in activity deepens the Exchange's liquidity pool, offers additional cost savings, supports the quality of price discovery, promotes market transparency and improves market quality, for all investors.

The Exchange also believes that the proposal represents an equitable allocation of fees and rebates and is not unfairly discriminatory because all Members are eligible for Non-Displayed Add Volume Tiers and would have the opportunity to meet the tiers' criteria and would receive the proposed fee if such criteria is met. Without having a view of activity on other markets and off-exchange venues, the Exchange has no way of knowing whether this proposed rule change would definitely result in any Members qualifying for the proposed tiers. The Exchange notes that most recently, three members satisfied Non-Displayed Tier 2 and five Members satisfied Non-Displayed Tier 3. While the Exchange has no way of predicting with certainty how the proposed tier will impact Member activity, the Exchange anticipates that approximately four Members will be able to satisfy Non-Displayed Tier 2 (as amended) and one

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[25] See e.g., Cboe BZX Equities Fee Schedule, Footnote 1, which provides various Non-Displayed Add Volume Tiers.

Member will be able to satisfy Non-Displayed Tier 3 (as amended). The Exchange also notes that proposed tiers will not adversely impact any Member's ability to qualify for other reduced fee or enhanced rebate tiers. Should a Member not meet the proposed criteria under any of the proposed tiers, the Member will merely not receive that corresponding reduced fee.

The Exchange believes that the proposal relating to the Retail Volume Tiers also represents an equitable allocation of rebates and is not unfairly discriminatory because all RMOs will continue to be eligible for each Retail Volume Tier. The proposed changes are designed as an incentive to any and all RMOs interested in meeting the tier criteria, as amended to submit additional adding and/or removing, or Retail, order flow to the Exchange. The Exchange notes that greater add volume order flow provides for deeper, more liquid markets and execution opportunities, and greater remove volume order flow increases transactions on the Exchange, which incentivizes liquidity providers to submit additional liquidity and execution opportunities, thus, providing an overall increase in price discovery and transparency on the Exchange. Also, an increase in Retail Order flow, which orders are generally submitted in smaller sizes, tends to attract Market-Makers, as smaller size orders are easier to hedge. Increased Market-Maker activity facilitates tighter spreads, signaling an additional corresponding increase in order flow from other market participants, which contributes towards a robust, well-balanced market ecosystem. Increased overall order flow benefits all investors by deepening the Exchange's liquidity pool, potentially providing even greater execution incentives and opportunities, offering additional flexibility for all investors to enjoy cost savings, supporting the quality of price discovery, promoting market transparency and improving investor protection. The Exchange also notes all RMOs will continue to have the opportunity to submit the requisite order flow and will receive the applicable enhanced rebate if the tier criteria is met. The Exchange additionally notes that while the Retail Volume Tiers are applicable only to RMOs, the Exchange does not believe this application is discriminatory as the Exchange offers similar rebates to non-RMO order flow.[26]

Without having a view of activity on other markets and off-exchange venues, the Exchange has no way of knowing whether this proposed rule change would definitely result in any RMOs qualifying for the proposed amended tier. The Exchange notes that most recently, two Members satisfied Retail Volume Tier 1, one Member satisfied Retail Volume Tier 2 and two Members satisfied Retail Volume Tier 3. While the Exchange has no way of predicting with certainty how the proposed tier will impact Member activity, the Exchange anticipates that approximately one Member will be able to satisfy Retail Volume Tier 1 (as amended), one Member will be able to satisfy Retail Volume Tier 2 (as amended) and one Member will be able to satisfy Retail Volume Tier 3 (as amended). The Exchange also notes that the proposed amended tiers will not adversely impact any RMO's ability to qualify for other rebate tiers. Rather, should a RMO not meet the criteria for Retail Volume Tier 1, 2 or 3 as amended, the RMO will merely not receive the corresponding proposed enhanced rebate. Furthermore, the proposed rebate would uniformly apply to all RMOs that meet the required criteria

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

The Exchange does not believe that the proposed rule changes will impose any burden on competition 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,

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[26] Such as the other Add/Remove Volume Tiers under Footnote 1 of the EDGX Fees Schedule which provide opportunities to all Members to submit the requisite order flow to receive an enhanced rebate.

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."

The Exchange believes the proposed rule change does not impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. Particularly, the proposed changes to the Non-Displayed Add Volume Tiers applies to all Members equally in that all Members are eligible for these tiers, have a reasonable opportunity to meet the tiers' criteria and will receive the enhanced rebates if such criteria is met. Similarly, the proposed changes to the Retail Volume Tiers apply to all RMOs equally in that all RMOs are eligible for those tiers, have a reasonable opportunity to meet the tiers' criteria and will receive the enhanced rebates if such criteria are met. Additionally, the proposed tiers are designed to attract additional order flow to the Exchange. The Exchange believes that the updated tier criteria would incentivize market participants to direct liquidity adding and/or removing order flow to the Exchange, bringing with it additional execution opportunities for market participants and improved price transparency. Greater overall order flow, trading opportunities, and pricing transparency benefits all market participants on the Exchange by enhancing market quality and continuing to encourage Members to send orders, thereby contributing towards a robust and well-balanced market ecosystem.

Next, the Exchange believes the proposed rule change does not impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. As previously discussed, the Exchange operates in a highly competitive market. Members have numerous alternative venues that they may participate on and direct their order flow, including 15 other equities exchanges and off-exchange venues and alternative trading systems. Additionally, the Exchange represents a small percentage of the overall market. Based on publicly available information, no single equities exchange has more than 18% of the market share. Therefore, no exchange possesses significant pricing power in the execution of order flow. Indeed, participants can readily choose to send their orders to other exchange and off-exchange venues if they deem fee levels at those other venues to be more favorable. Moreover, the Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. Specifically, in Regulation NMS, 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." The fact that this market is competitive has also long been recognized by the courts. In NetCoalition v. Securities and Exchange Commission, the D.C. Circuit stated as follows: "[n]o one disputes that competition for order flow is 'fierce.' … As the SEC explained, '[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution'; [and] 'no exchange can afford to take its market share percentages for granted' because 'no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers'….". Accordingly, the Exchange does not believe its proposed fee change imposes any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act[27] and paragraph (f) of Rule 19b-4[28] thereunder. 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-CboeEDGX-2020-053 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.

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27 15 U.S.C. 78s(b)(3)(A).

28 17 CFR 240.19b-4(f).

All submissions should refer to File Number SR-CboeEDGX-2020-053. This file number should be included on the subject line if e-mail 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 (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, DC 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 offices 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-CboeEDGX-2020-053, 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.[29]

J. Matthew DeLesDernier
Assistant Secretary

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[29] 17 CFR 200.30-3(a)(12).