SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-84100; File No. SR-NYSE-2018-39)

September 12, 2018

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend its Price List to Amend the Threshold Levels and Rebate Amounts Payable under the Liquidity Provider Incentive Program, and to Amend the Rebate Amount Payable under the Agency Order Incentive Program

Pursuant to Section 19(b)(1)[1] of the Securities Exchange Act of 1934 (the "Act")[2] and Rule 19b-4 thereunder,[3] notice is hereby given that, on August 31, 2018, New York Stock Exchange LLC ("NYSE" or the "Exchange") 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 self-regulatory organization. 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

The Exchange proposes to amend its Price List to amend the threshold levels and rebate amounts payable under the Liquidity Provider Incentive Program, and amend the rebate amount payable under the Agency Order Incentive Program. The Exchange proposes to implement the fee changes effective September 1, 2018. The proposed rule change is available on the Exchange's website at www.nyse.com, at the principal office of the Exchange, and at the Commission's Public Reference Room.

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

2 15 U.S.C. 78a.

3 17 CFR 240.19b-4.

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 self-regulatory organization 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 those 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 parts of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend its Price List to amend the threshold levels and rebate amounts payable under the Liquidity Provider Incentive Program, and amend the rebate amount payable under the Agency Order Incentive Program. The Exchange proposes to implement the fee changes effective September 1, 2018.

Liquidity Provider Incentive Program

Pursuant to the Liquidity Provider Incentive Program,[4] a User[5] can qualify for a daily rebate based on the number of qualifying CUSIPs[6] on the NYSE Bonds Book for which a

---

4 See Securities Exchange Act Release Nos. 77591 (April 12, 2016), 81 FR 22656(April 18, 2016) (SR-NYSE-2016-26); 77812 (May 11, 2016), 81 FR 30594 (May 17, 2016) (SR-NYSE-2016-34); 79210 (November 1, 2016), 81 FR 78213 (November 7, 2016) (SR-NYSE-2016-68); and 80934 (June 15, 2017), 82 FR 28173 (June 20, 2017) (SR-NYSE-2017-27).

5 A User is any Member or Member Organization, Sponsored Participant, or Authorized Trader that is authorized to access NYSE Bonds. See Rule 86(b)(2)(M). For purposes of the Liquidity Provider Incentive Program, a User is a Member or Member Organization that is authorized to access NYSE Bonds.

6 CUSIP stands for Committee on Uniform Securities Identification Procedures. A CUSIP number identifies most financial instruments, including: stocks of all registered U.S. and Canadian companies, commercial paper, and U.S. government and municipal bonds. The

Unique User[7] meets prescribed quoting requirements. The Exchange proposes to amend the threshold levels and rebate amounts payable under the Liquidity Provider Incentive Program to encourage participants to meet the quoting requirements in a greater number of CUSIPs.

Currently, the daily rebate amount is tiered based on the number of qualifying CUSIPs that meet quoting requirements, as follows:

Number of Qualifying CUSIPs	Daily Rebate
400 – 599	$500
600 – 799	$1,000
800 or more	$1,500

The Exchange now proposes to amend the current tiers by: (1) adjusting the third tier (800 or more CUSIPs) so that it becomes 800 - 999 CUSIPs; and (2) adopting a new tier for 1000 or more CUSIPs with a corresponding daily rebate of $2,000. With the proposed changes to the tiers, the Exchange is attempting to strike the right balance between the number of qualifying CUSIPs and its corresponding rebate to ensure that the incentive program achieves its intended purpose of attracting liquidity in a greater number of CUSIPs to NYSE Bonds.

With the proposed amended tiers, the CUSIP threshold and corresponding rebate would be as follows:

CUSIP system—owned by the American Bankers Association and managed by Standard & Poor's—facilitates the clearance and settlement process of securities. See http://www.sec.gov/answers/cusip.htm.

7 For purposes of the Liquidity Provider Incentive Program, the term `Unique User' means a User, a trading desk of a User, or a customer of a User, on whose behalf a Member or Member Organization enters quotes or orders under a Unique User ID that such User requests from and is provided by the Exchange. See Securities Exchange Act Release No. 80934 (June 15, 2017), 82 FR 28173 (June 20, 2017) (SR-NYSE-2017-27).

Number of Qualifying CUSIPs	Daily Rebate
400 – 599	$500
600 – 799	$1,000
800 - 999	$1,500
1,000 or more	$2,000

The Exchange is not proposing any change to the Liquidity Provider Incentive Program other than to add an additional tier and a corresponding rebate for the new tier.

Agency Order Incentive Program

Pursuant to the Agency Order Incentive Program,[8] the Exchange currently provides a monthly rebate of $4,000 to a User that submits an average of 400 resting limit orders of any size per trading day during the month and that are submitted as Agency Orders[9] by the User. In order to further incentivize Users to provide displayed liquidity on NYSE Bonds, the Exchange proposes to provide an increased monthly rebate of $10,000 to Users that meet the requirements of the incentive program. The proposed increased rebate would be applicable for a limited period of time, from September 2018 to December 2018. In the absence of a proposed rule change filed by the Exchange, the monthly rebate payable under the Agency Order Incentive Program would revert back to $4,000 per month beginning January 2019.

8 See Securities Exchange Act Release No. 82343 (December 18, 2017), 82 FR 60782 (December 22, 2017) (SR-NYSE-2017-68).

9 For purposes of the Agency Order Incentive Program, an Agency Order is any order submitted by a User that it represents as agent on NYSE Bonds. See Securities Exchange Act Release No. 82343 (December 18, 2017), 82 FR 60782 (December 22, 2017).

The Exchange is not proposing any change to the Agency Order Incentive Program other than to change the amount of the rebate for a period of four months, from September 2018 to December 2018.

The proposed rule change is intended to provide Users with a greater incentive to transact on NYSE Bonds.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,[10] in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,[11] in particular, because it provides for the equitable allocation of reasonable dues, fees, and other charges among its members, issuers and other persons using its facilities and does not unfairly discriminate between customers, issuers, brokers or dealers.

The Exchange believes its proposed rebates pursuant to a tiered pricing structure is reasonable, equitable and non-discriminatory. The Exchange's proposal to add a new tier is reasonable as it is designed to encourage participants to provide liquidity in a greater number of CUSIPs on NYSE Bonds in order to benefit by receiving a larger daily rebate that was previously not available. The Exchange believes that with the proposed amended tiers, which provides for additional volume thresholds, Users that meet prescribed quoting requirements in a varying number of CUSIPs would qualify for rebates. The purpose of the Liquidity Provider Incentive Program is to incentivize Users to provide liquidity to the Exchange. In order to achieve that objective, the Exchange believes it is reasonable to amend the tiers and rebates payable under each tier to allow Users of varying levels of participation to qualify for the rebates

---

10 15 U.S.C. 78f(b).

11 15 U.S.C. 78f(b)(4), (5).

payable under the incentive program. Volume-based rebates such as those maintained by the Exchange for NYSE Bonds are equitable because they are open to all Users on an equal basis and provide additional benefits that are reasonably related to the value of an exchange's market quality. The proposed modification to the tiers and the proposed addition of a new tier is each intended to incentivize Users to provide liquidity in a greater number of CUSIPs on NYSE Bonds in an effort to qualify for the enhanced rebate made available by the tiers.

The Exchange believes that by providing Users with the ability to earn increased rebates, the Exchange is rewarding aggressive liquidity providers in the market, and by doing so, the Exchange will encourage the additional utilization of, and interaction with, the NYSE Bonds platform and provide customers with the premier venue for price discovery, liquidity, and competitive quotes.

The Exchange further believes that the rebate currently in place is reasonable because it is designed to give Users who meet quoting requirements in a minimum of 400 CUSIPs a benefit by way of a daily rebate. The Exchange also believes that the Liquidity Provider Incentive Program is equitable and not unfairly discriminatory because it would uniformly apply to all Users that trade bonds on NYSE Bonds.

The Exchange believes it is reasonable and equitable to adopt an increased rebate payable to Users under the Agency Order Incentive Program in order to incentivize Users to submit Agency Orders to the Exchange. This in turn would provide NYSE Bonds with potential new order flow and liquidity providers as it continues to grow its marketplace. The Exchange believes it is reasonable and equitable to adopt an increased rebate for a limited period of time as an incentive for Users to submit an increased number of Agency Orders to qualify for the increased rebate, and at the same time to encourage Users that do not participate in the Agency

Order Incentive Program to begin to do so during the period of time during which the Exchange would pay the additional $6,000 per month. The Agency Order Incentive Program targets a particular segment in which the Exchange seeks to attract greater order flow and the Exchange believes the proposed increase to the monthly rebate for the remainder of this year should incentivize Users sufficiently to try to qualify for the rebate.

The Exchange believes the proposed rule change would provide an incentive for Users to provide additional liquidity to the market and add competition to the existing group of liquidity providers. The Exchange does not expect the revenues it forgoes as a result of the proposal to negatively affect its ability to conduct its regulatory program.

Finally, the Exchange believes that the proposed rule change is not unfairly discriminatory in that it would apply uniformly to all Users accessing NYSE Bonds. All similarly situated Users would be subject to the increased rebate, and each User would have the ability to determine the extent to which the Exchange's proposed rebate will provide it with an economic incentive to use NYSE Bonds, and model its business accordingly.

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

In accordance with Section 6(b)(8) of the Act,[12] the Exchange believes that the proposed rule change would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Debt securities typically trade in a decentralized OTC dealer market that is less liquid and transparent than the equities markets. The Exchange believes that the proposed change would increase competition with these OTC venues by creating additional incentives to engage in bonds transactions on the Exchange and rewarding market

[12] 15 U.S.C. 78f(b)(8).

participants for actively quoting and providing liquidity in the only transparent bond market, which the Exchange believes will enhance market quality.

The Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues that are not transparent. In such an environment, the Exchange must continually review, and consider adjusting its fees and rebates to remain competitive with other exchanges as well as with alternative trading systems and other venues that are not required to comply with the statutory standards applicable to exchanges. Because competitors are free to modify their own fees and credits in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited. As a result of all of these considerations, the Exchange does not believe that the proposed change will impair the ability of member organizations or competing order execution venues to maintain their competitive standing in the financial markets.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were solicited or received with respect to the proposed rule change.

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

The foregoing rule change is effective upon filing pursuant to Section 19(b)(3)(A)[13] of the Act and subparagraph (f)(2) of Rule 19b-4[14] thereunder, because it establishes a due, fee, or other charge imposed by the Exchange.

At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such

13 15 U.S.C. 78s(b)(3)(A).

14 17 CFR 240.19b-4(f)(2).

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 shall institute proceedings under Section 19(b)(2)(B)[15] of the Act 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 No. SR-NYSE-2018-39 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 No. SR-NYSE-2018-39. 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

15 15 U.S.C. 78s(b)(2)(B).

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 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 No. SR-NYSE-2018-39, 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.[16]

Eduardo A. Aleman
Assistant Secretary

[16] 17 CFR 200.30-3(a)(12).