

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-85864; File No. SR-NYSE-2019-24)

May 15, 2019

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Its Price List

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (the “Act”)<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that, on May 9, 2019, 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 and II, 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 modify the (1) charges for transactions that remove liquidity from the Exchange; (2) requirements for credits related to executions of orders sent to Floor brokers that add liquidity on the Exchange; and (3) remove Tier fee for securities traded pursuant to Unlisted Trading Privileges (“UTP”) (Tapes B and C). The Exchange proposes to implement these changes to its Price List effective May 9, 2019. The proposed rule change is available on the Exchange’s website at [www.nyse.com](http://www.nyse.com), at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 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 Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend its Price List to modify the (1) charges for transactions that remove liquidity from the Exchange; (2) requirements for credits related to executions of orders sent to Floor brokers that add liquidity on the Exchange; and (3) Remove Tier fee for UTP securities.

The Exchange proposes to implement these changes to its Price List effective May 9, 2019.<sup>4</sup>

Charges for Removing Liquidity

Currently, the Exchange charges a fee of \$0.00275 for non-Floor broker transactions that remove liquidity from the Exchange, including those of DMMs. The Exchange also currently charges \$0.00280 for non-Floor broker transactions that remove liquidity from the Exchange by member organizations with an Adding ADV,<sup>5</sup> excluding any liquidity added by a DMM, that is

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<sup>4</sup> The Exchange originally filed to amend the Price List on May 1, 2019 (SR-NYSE-2019-23) and withdrew such filing on May 9, 2019. This filing replaces SR-NYSE-2019-23 in its entirety.

<sup>5</sup> Footnote 2 to the Price List defines ADV as “average daily volume” and “Adding ADV” as ADV that adds liquidity to the Exchange during the billing month.

more than 250,000 ADV on the NYSE in Tape A Securities and less than 500,000 ADV on the NYSE in Tape B and Tape C securities combined during the billing month. Finally, the Exchange currently charges \$0.0030 for non-Floor broker transactions that remove liquidity from the Exchange by member organizations with an Adding ADV, excluding any liquidity added by a DMM, that is less than 250,000 ADV on the NYSE during the billing month.

Under the current configuration, the effective base rate is \$0.0030 because member organizations with an Adding ADV, excluding liquidity added by a DMM, that is less than 250,000 ADV in Tape A Securities during the billing month would not qualify for the \$0.00275 rate, which applies unless one of the charges set forth immediately below it in the Price List applies. The Exchange proposes a reconfiguration to reflect the current \$0.0030 base rate and a fee of \$0.00275 for non-Floor broker transactions that remove liquidity from the Exchange by member organizations with an Adding ADV, excluding any liquidity added by a DMM, of at least 250,000 ADV on the NYSE in Tape A Securities and at least 500,000 ADV on the NYSE in Tape B and Tape C securities combined during the billing month. The charge for non-Floor broker transactions that remove liquidity from the Exchange by member organizations with an Adding ADV, excluding any liquidity added by a DMM, that is at least 250,000 ADV on the NYSE in Tape A Securities and less than 500,000 ADV on the NYSE in Tape B and Tape C securities combined during the billing month would increase from \$0.00280 to \$0.00285.

#### Floor Broker Credits for Orders that Add Liquidity to the Exchange

The Exchange currently provides a per share credit for executions of orders sent to a Floor broker for representation on the Exchange when adding liquidity to the Exchange if the member organization has an ADV that adds liquidity to the Exchange by a Floor broker during the billing month that is at least equal to certain thresholds. In order to qualify for a credit of

\$0.0020 per share under the first threshold, the member organization must have an ADV that adds liquidity to the Exchange by a Floor broker during the billing month that is at least equal to .07% of Tape A CADV. In order to qualify for a credit of \$0.0022 per share under the second threshold, a member organization must have an ADV that adds liquidity to the Exchange by a Floor broker during the billing month that is at least equal to .33% of Tape A CADV.

The Exchange proposes an intermediate third threshold designated (b) that would provide a credit of \$0.0021 per share for a member organization must have an ADV that adds liquidity to the Exchange by a Floor broker during the billing month that is at least equal to .25% of Tape A CADV. The current second threshold would become item (c).

#### Remove Tier Fee for UTP Securities

For UTP Securities, the Exchange currently charges a per tape fee of \$0.0028 per share to remove liquidity from the Exchange for member organizations with an Adding ADV of at least 50,000 shares for that respective tape. The Exchange proposes to charge a per tape fee of \$0.00285 per share to remove liquidity from the Exchange for member organizations with an Adding ADV of at least 50,000 shares for that respective tape.

The proposed changes are not otherwise intended to address any other issues, and the Exchange is not aware of any problems that member organizations would have in complying with the proposed change.

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,<sup>6</sup> in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,<sup>7</sup> in particular, because it provides for the equitable allocation of reasonable dues, fees, and other

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<sup>6</sup> 15 U.S.C. 78f(b).

<sup>7</sup> 15 U.S.C. 78f(b)(4) & (5).

charges among its members, issuers and other persons using its facilities and does not unfairly discriminate between customers, issuers, brokers or dealers.

#### Charges for Removing Liquidity

The Exchange believes that reconfiguring the charges for non-Floor broker transactions that remove liquidity from the Exchange and introducing a slightly tiered rate of \$0.00285 is reasonable, equitable and not unfairly discriminatory, as follows.

The Exchange believes that the proposed rate change for member organizations will incentivize submission of additional liquidity in Tape B and Tape C securities to a public exchange to qualify for the lower fee of \$0.00275 for removing liquidity, thereby promoting price discovery and transparency and enhancing order execution opportunities for member organizations. The Exchange also believes that the proposed change is equitable because it would apply to all similarly situated member organizations that add liquidity in Tape B or Tape C securities. The proposed change also is equitable and not unfairly discriminatory because it would be consistent with the applicable rate on other marketplaces. For example, Nasdaq PSX provides a fee per share for removing liquidity, \$0.0028 in Tape A and B securities and \$0.0029 in Tape C securities, if a firm removes 0.065% or more of Consolidated Volume; otherwise, Nasdaq PSX imposes a charge of \$0.0030 per share for removing liquidity.<sup>8</sup> The Exchange notes that since the requirement is for Tape B and Tape C securities combined, member organizations can meet the requirement by adding liquidity in either Tape B or Tape C securities, or both. The Exchange further notes that other marketplaces have tiers with adding requirements in specific tapes to qualify for a rate in securities on another tape. For example, to be eligible for a \$0.0020 adding credit in Tape C securities on Nasdaq, firms are required to average a

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<sup>8</sup> See [https://www.nasdaqtrader.com/Trader.aspx?id=PSX\\_Pricing](https://www.nasdaqtrader.com/Trader.aspx?id=PSX_Pricing).

minimum of 250,000 shares added per day in Tape A or Tape B securities (combined); otherwise, the Tape C credit for adding liquidity is \$0.0015.<sup>9</sup>

#### Floor Broker Credits for Orders that Add Liquidity to the Exchange

The Exchange believes that the changes proposed additional tiered credit for executions of orders sent to a Floor broker for representation on the Exchange is reasonable because it would encourage additional displayed liquidity on the Exchange. The proposed change would also encourage the execution of such transactions on a public exchange, thereby promoting price discovery and transparency. The Exchange believes the proposed change is equitable and not unfairly discriminatory because it would continue to encourage member organizations to send orders to the Floor for execution, thereby contributing to robust levels of liquidity on the Floor, which benefits all market participants. The proposed change is also equitable and not unfairly discriminatory because those member organizations that make significant contributions to market quality and that contribute to price discovery by providing higher volumes of liquidity would continue to be allocated a higher credit. The Exchange believes that any member organizations that may currently be qualifying under the lower of the two existing thresholds, or 0.0007%, could qualify for the proposed intermediate threshold of 0.0025% based on the levels of activity sent to Floor brokers. The proposed change also is equitable and not unfairly discriminatory because all similarly situated member organizations would pay the same rate, as is currently the case, and because all member organizations would be eligible to qualify for the rate by satisfying the related thresholds.

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<sup>9</sup> See <https://www.nasdaqtrader.com/Trader.aspx?id=PriceListTrading2>.

### Remove Tier Credit for UTP Securities

The Exchange believes that proposed Tier 1 charge of \$0.00285 per share in UTP Securities for member organizations with an Adding ADV of at least 50,000 shares that removes liquidity from the Exchange is reasonable, equitable and not unfairly discriminatory because the proposed fees are in line with the fees the Exchange currently charges for removing liquidity from the Exchange in Tape A securities and the proposed changes thereto described above.<sup>10</sup>

The Exchange believes that it is subject to significant competitive forces, as described below in the Exchange's statement regarding the burden on competition.

For the foregoing reasons, the Exchange believes that the proposal is consistent with the Act.

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

In accordance with Section 6(b)(8) of the Act,<sup>11</sup> 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. Instead, the Exchange believes that the proposed changes would foster liquidity provision and stability in the marketplace, thereby promoting price discovery and transparency and enhancing order execution opportunities for member organizations. In this regard, the Exchange believes that the transparency and competitiveness of attracting additional executions on an exchange market would encourage competition.

Finally, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive or rebate opportunities available at other venues to be more favorable. In

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<sup>10</sup> See pages 5-6 of the current NYSE Price List, available at [https://www.nyse.com/publicdocs/nyse/markets/nyse/NYSE\\_Price\\_List.pdf](https://www.nyse.com/publicdocs/nyse/markets/nyse/NYSE_Price_List.pdf).

<sup>11</sup> 15 U.S.C. 78f(b)(8).

such an environment, the Exchange must continually adjust its fees and rebates to remain competitive with other exchanges and with alternative trading systems that have been exempted from compliance 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 changes 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)(ii) of the Act,<sup>12</sup> and subparagraph (f)(2) of Rule 19b-4<sup>13</sup> 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 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

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<sup>12</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>13</sup> 17 CFR 240.19b-4(f)(2).



Commission shall institute proceedings under Section 19(b)(2)(B)<sup>14</sup> 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](mailto:rule-comments@sec.gov). Please include File Number SR-NYSE-2019-24 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-NYSE-2019-24. 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

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<sup>14</sup> 15 U.S.C. 78s(b)(2)(B).

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 Number SR-NYSE-2019-24 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.<sup>15</sup>

Eduardo A. Aleman  
Deputy Secretary

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<sup>15</sup> 17 CFR 200.30-3(a)(12).