

1. Text of the Proposed Rule Change

- (a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”)¹ and Rule 19b-4 thereunder,² New York Stock Exchange LLC (“NYSE” or the “Exchange”) proposes to amend its Price List to (1) introduce a new Adding Credit Tier 7; (2) revise the tiered non-display credit for Supplemental Liquidity Providers (“SLPs”) under SLP Adding Tier 1; and (3) revise the credit under SLP Provide Tier 1 for adding non-displayed liquidity to the Exchange in Tapes B and C securities.

The Exchange proposes to implement the fee changes effective January 2, 2025.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1, and the text of the proposed rule change is attached as Exhibit 5.

- (b) The Exchange does not believe that the proposed rule change will have any direct effect, or any significant indirect effect, on any other Exchange rule in effect at the time of this filing.
- (c) Not applicable.

2. Procedures of the Self-Regulatory Organization

Senior management has approved the proposed rule change pursuant to authority delegated to it by the Board of the Exchange. No further action is required under the Exchange’s governing documents. Therefore, the Exchange’s internal procedures with respect to the proposed rule change are complete.

The persons on the Exchange staff prepared to respond to questions and comments on the proposed rule change are:

David De Gregorio
Associate General Counsel
NYSE Group, Inc.
(212) 656-4166

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

(a) Purpose

The Exchange proposes to amend its Price List to (1) introduce a new Adding Credit Tier

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

7; (2) revise the tiered non-display credit for SLPs under SLP Adding Tier 1; and (3) revise the credit under SLP Provide Tier 1 for adding non-displayed liquidity to the Exchange in Tapes B and C securities.

The proposed changes respond to the current competitive environment where order flow providers have a choice of where to direct liquidity-providing orders by offering further incentives for member organizations to send additional liquidity to the Exchange.

The Exchange proposes to implement the fee changes effective January 2, 2025.³

Background

Current Market and Competitive Environment

The Exchange operates in a highly competitive market. The Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. 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.”⁴

While Regulation NMS has enhanced competition, it has also fostered a “fragmented” market structure where trading in a single stock can occur across multiple trading centers. When multiple trading centers compete for order flow in the same stock, the Commission has recognized that “such competition can lead to the fragmentation of order flow in that stock.”⁵ Indeed, cash equity trading is currently dispersed across 16 exchanges,⁶ numerous alternative trading systems,⁷ and broker-dealer internalizers and wholesalers, all competing for order flow. Based on publicly-available information, no single exchange currently has more than 20% market share.⁸ Therefore, no exchange possesses

³ The Exchange originally filed to amend the Price List on December 20, 2024 (SR-NYSE-2024-84). SR-NYSE-2024-84 was withdrawn on December 31, 2024 and replaced by this filing.

⁴ See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) (File No. S7-10-04) (Final Rule) (“Regulation NMS”).

⁵ See Securities Exchange Act Release No. 61358, 75 FR 3594, 3597 (January 21, 2010) (File No. S7-02-10) (Concept Release on Equity Market Structure).

⁶ See Cboe U.S Equities Market Volume Summary, available at https://markets.cboe.com/us/equities/market_share. See generally <https://www.sec.gov/fast-answers/divisionsmarketregmrexchangesshtml.html>.

⁷ See FINRA ATS Transparency Data, available at <https://otctransparency.finra.org/otctransparency/AtsIssueData>. A list of alternative trading systems registered with the Commission is available at <https://www.sec.gov/foia/docs/atslist.htm>.

⁸ See Cboe Global Markets U.S. Equities Market Volume Summary, available at https://markets.cboe.com/us/equities/market_share/.

significant pricing power in the execution of cash equity order flow. More specifically, the Exchange's share of executed volume of equity trades in Tapes A, B and C securities is less than 12%.⁹

The Exchange believes that the ever-shifting market share among the exchanges from month to month demonstrates that market participants can move order flow, or discontinue or reduce use of certain categories of products. While it is not possible to know a firm's reason for shifting order flow, the Exchange believes that one such reason is because of fee changes at any of the registered exchanges or non-exchange venues to which the firm routes order flow. Accordingly, competitive forces compel the Exchange to use exchange transaction fees and credits because market participants can readily trade on competing venues if they deem pricing levels at those other venues to be more favorable.

In response to this competitive environment, the Exchange has established incentives for its member organizations who submit orders that provide liquidity on the Exchange. The proposed change is designed to continue to attract additional order flow to the Exchange by further incentivizing member organizations to submit additional displayed liquidity to the Exchange.

Proposed Rule Change

The Exchange proposes to introduce a new Adding Credit Tier 7 and revise the credits for adding liquidity under SLP Adding Tier 1 and SLP Provide Tier 1, as follows.

Adding Credit Tier 7

The Exchange currently offers six adding tiers numbered 1-6 that provide credits of \$0.0022, \$0.0020, \$0.0018, \$0.0017, and \$0.0015 per share, respectively, for all orders, other than MPL and Non-Display Reserve orders, that add liquidity to the NYSE when certain requirements are met. The Exchange proposes to introduce a new Tier 7 Adding Credit for orders in Tape A, B and C Securities, other than MPL orders, that add liquidity to the Exchange if the member organization's adding average daily volume ("ADV") is at least:

- 0.175% of Tape A, excluding liquidity added as a Supplemental Liquidity Provider and as a DMM, and
- 0.02% of Tape B and Tape C combined for Non-Display Reserve orders, excluding liquidity added as a DMM.

As proposed, a member organization meeting these requirements would receive a credit of \$0.0029 for Displayed Orders and a credit of \$0.0018 for Non-Displayed Orders. In addition, member organizations that meet the above requirements would receive an

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See id.

incremental credit for adding orders that set the NBBO¹⁰ or BBO¹¹ of \$0.0007 for Tape A securities and \$0.0006 for Tape B and C securities.

The purpose of this proposed change is to incentivize member organizations to increase the liquidity-providing orders in the Tape A, B and C securities that they send to the Exchange, which would support the quality of price discovery on the Exchange and provide additional liquidity for incoming orders. As noted above, the Exchange operates in a competitive environment, particularly as it relates to attracting non-marketable orders, which add liquidity to the Exchange. Because the proposed tier requires a member organization to achieve a minimum volume of its trades in orders that add liquidity, the Exchange believes that the proposed credits would provide an incentive for all member organizations to send additional liquidity to the Exchange in order to qualify for them. The Exchange does not know how much order flow member organizations choose to route to other exchanges or to off-exchange venues. Since the proposed tier is new, the Exchange does not know how many member organizations could qualify for the new tiered rate based on their current trading profile on the Exchange and if they choose to direct order flow to the NYSE. However, without having a view of member organization's activity on other exchanges and off-exchange venues, the Exchange has no way of knowing whether this proposed rule change would result in any member organization directing orders to the Exchange in order to qualify for the new tier.

SLP Adding Tier 1

Under current SLP Tier 1, an SLP adding liquidity in Tape A securities receives a credit of \$0.0032, or \$0.0012 if a Non-Displayed Reserve Order, if the SLP (1) meets the 10% average or more quoting requirement in an assigned security pursuant to Rule 107B, and (2) adds liquidity for all assigned SLP securities in the aggregate (including shares of both an SLP-Prop and an SLMM of the same or an affiliated member organization)¹² of an ADV of at least 1.00% (or 0.080% for SLPs that meet the SLP Cross Tape Tier 1 Incentive) of NYSE CADV or, with respect to an SLP that is also a Designated Market Maker ("DMM") subject to Rule 107B(i)(2)(a) and registered in at least 500 Tape A issues, at least 0.36% of NYSE CADV.

The Exchange proposes to increase the credit for Non-Displayed Reserve Orders to \$0.0018. The qualification requirements would remain unchanged and the rate for tiered displayed orders would remain unchanged.

¹⁰ See Rule 1.1(q) (defining "NBBO" to mean the national best bid or offer).

¹¹ See Rule 1.1(c) (defining "BBO" to mean the best bid or offer on the Exchange).

¹² Under Rule 107B, an SLP can be either a proprietary trading unit of a member organization ("SLP-Prop") or a registered market maker at the Exchange ("SLMM"). For purposes of the 10% average or more quoting requirement in assigned securities pursuant to Rule 107B, quotes of an SLP-Prop and an SLMM of the same member organization are not aggregated. However, for purposes of adding liquidity for assigned SLP securities in the aggregate, shares of both an SLP-Prop and an SLMM of the same member organization are included.

SLP Provide Tier 1 for Tape B and C Securities

Under current SLP Provide Tier 1, SLPs that add non-displayed liquidity to the Exchange on a per Tape basis in securities with a per share price at or above \$1.00 and that:

- add liquidity for all assigned Tape B securities of a CADV of at least 0.10% for Tape B or for all assigned Tape C Securities of a CADV of at least 0.075% for Tape C, and
- meet the 10% average or more quoting requirement in 400 or more assigned securities in Tapes B and C combined pursuant to Rule 107B

are eligible for a credit of \$0.0015 per share per tape credit in non-displayed securities that provide and a \$0.0025 per share per tape credit for MPL orders that provide in assigned securities where the SLP meets the 10% average quoting requirement pursuant to Rule 107B.

The Exchange proposes to increase the credit for non-displayed securities that provide to \$0.0018. The qualification requirements would remain unchanged and the rate for MPL Orders would remain unchanged.

Application and Impact of SLP Pricing

The purpose of these proposed changes to the SLP tiers are to incentivize member organizations to trade on the Exchange in Tape A, B and C securities, which would support the quality of price discovery on the Exchange and provide additional price improvement opportunities for incoming orders. The Exchange believes that by correlating the amount of the credit to the level of orders sent by a member organization that add displayed and non-displayed liquidity, the Exchange's fee structure would incentivize member organizations to submit more orders that add liquidity to the Exchange, thereby increasing the potential for price improvement and execution opportunities to incoming marketable orders submitted to the Exchange.

As noted above, the Exchange operates in a competitive and fragmented market environment, particularly as it relates to attracting non-marketable orders, which add liquidity to the Exchange. Without having a view of a member organization's activity on other markets and off-exchange venues, the Exchange believes that the proposed higher credits would provide an incentive for member organizations to route additional displayed and non-displayed liquidity to the Exchange in order to qualify for them. Based on the profile of liquidity-providing SLPs generally, the Exchange believes that additional SLPs could qualify for the displayed and non-displayed SLP Provide Tier 1 credits if they choose to direct order flow to, and increase quoting on, the Exchange.

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

(b) Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,¹³ in general, and furthers the objectives of Sections 6(b)(4) and (5) of the Act,¹⁴ 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.

As discussed above, the Exchange operates in a highly competitive market. The Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. 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.”¹⁵ While Regulation NMS has enhanced competition, it has also fostered a “fragmented” market structure where trading in a single stock can occur across multiple trading centers. When multiple trading centers compete for order flow in the same stock, the Commission has recognized that “such competition can lead to the fragmentation of order flow in that stock.”¹⁶

In light of the competitive environment in which the Exchange currently operates, the proposed rule change is a reasonable attempt to incentivize member organizations to direct order flow to the Exchange and provide meaningful added levels of liquidity in order to qualify for credits, thereby contributing to depth and market quality on the Exchange.

The Proposed Change is ReasonableAdding Credit Tier 7

The proposed new Adding Credit Tier 7 is reasonable. Specifically, the Exchange believes that the proposed adding tier would provide additional incentives for member organizations to send additional liquidity providing orders to the Exchange in Tape A securities. As noted above, the Exchange operates in a highly competitive environment, particularly for attracting non-marketable order flow that provides liquidity on an exchange. The Exchange believes that the requirements for the proposed Adding Credit

¹³ 15 U.S.C. 78f(b).

¹⁴ 15 U.S.C. 78f(b)(4) & (5).

¹⁵ See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37495, 37499 (June 29, 2005) (S7-10-04) (Final Rule) (“Regulation NMS”).

¹⁶ See Securities Exchange Act Release No. 61358, 75 FR 3594, 3597 (January 21, 2010) (File No. S7-02-10) (Concept Release on Equity Market Structure).

Tier 7 are reasonable because the proposed requirements would encourage additional displayed, non-displayed, and setting liquidity on the Exchange and because market participants benefit from the greater amounts of displayed and non-displayed liquidity present on the Exchange. Further, the Exchange believes it's reasonable to provide credits of \$0.0029 for displayed orders and \$0.0018 for non-displayed orders which are in line with the current adding tier credits because the proposal would provide additional ways for member organizations to qualify for a tiered credit by adding liquidity, thereby encouraging member organizations to send orders that provide liquidity to the Exchange which in turn contributes to robust levels of liquidity and promoting price discovery and transparency which benefits all market participants. In addition, the Exchange believes that the incremental credits of \$0.0007 per share for member organizations that meet the proposed tier requirements and orders that set the NBBO or BBO in Tape A securities, and \$0.0006 per share credit for member organizations for orders that set the NBBO or BBO in Tape B and C securities, is reasonable as a similar incentive is offered in the NYSE's other adding and step up tiers. Since the proposed Adding Credit Tier 7 would be new, no member organization currently qualifies for the proposed pricing tier. As previously noted, without a view of member organization activity on other exchanges and off-exchange venues, the Exchange has no way of knowing whether the proposed rule change would result in any member organization qualifying for the tier. The Exchange believes the proposed credit is reasonable as it would provide an incentive for member organizations to direct their order flow to the Exchange and provide meaningful added levels of liquidity in order to qualify for the credits, thereby contributing to depth and market quality on the Exchange.

SLP Adding Tier 1

The Exchange believes that the proposed increase to the credit for member organizations that are SLPs for adding non-displayed liquidity to the Exchange is reasonable because it would incentivize market participants to increase the orders sent directly to the Exchange and therefore provide liquidity that supports the quality of price discovery and promotes market transparency. As noted above, the Exchange operates in a highly competitive environment, particularly for attracting non-marketable order flow that provides liquidity on an exchange.

SLP Provide Tier 1 For Tape B and C Securities

The Exchange believes that increasing the credit for member organizations that are SLPs that add non-displayed liquidity in Tape B and C securities on the Exchange is reasonable because it would provide further incentives for such member organizations to provide additional liquidity to a public exchange in Tape B and C securities, thereby promoting price discovery and transparency and enhancing order execution opportunities for member organizations. All member organizations would benefit from the greater amounts of liquidity that will be present on the Exchange, which would provide greater execution opportunities. The Exchange believes the proposal would provide an incentive for member organizations that are SLPs to route additional liquidity-providing orders to the Exchange in Tape B and C securities. As noted above, the Exchange operates in a

highly competitive environment, particularly for attracting non-marketable order flow that provides liquidity on an exchange. The Exchange believes it is reasonable to provide a higher credit for orders that provide additional liquidity. Without having a view of a member organization's activity on other markets and off-exchange venues, the Exchange believes the proposed higher rate would provide an incentive for member organizations to submit additional adding liquidity to the Exchange in Tape B and C securities. As previously noted, based on the profile of liquidity-providing SLPs generally, the Exchange believes additional SLPs could qualify for the displayed and non-displayed SLP Provide Tier 1 credits if they choose to direct order flow to, and increase quoting on, the Exchange.

The Proposal is an Equitable Allocation of Fees

The Exchange believes the proposal equitably allocates fees and credits among market participants because all member organizations that participate on the Exchange may qualify for the proposed credits and fees on an equal basis. The Exchange believes its proposal equitably allocates its fees and credits among its market participants by fostering liquidity provision and stability in the marketplace.

Adding Credit Tier 7

The Exchange believes that the proposal to provide additional tiered credits for adding liquidity to the Exchange in Tape A, B and C securities is equitable because it would encourage additional displayed liquidity on the Exchange and because market participants benefit from the greater amounts of displayed liquidity present on the Exchange. The Exchange believes that the magnitude of the additional credits is not unreasonably high compared to the current adding tier credits and also relative to the other adding tier credits, which range from \$0.0015 to \$0.0031, and incremental credits for orders that set the BBO or NBBO from \$0.0006 to \$0.0007, in comparison to the credits paid by other exchanges for orders that provide additional step up liquidity. The Exchange believes the proposed rule change would improve market quality for all market participants on the Exchange and, as a consequence, attract more liquidity to the Exchange, thereby improving market-wide quality and price discovery.

The Exchange does not know how much order flow member organizations choose to route to other exchanges or to off-exchange venues. Since the proposed tier is new, the Exchange does not know how many member organizations could qualify for the new tiered rate based on their current trading profile on the Exchange and if they choose to direct order flow to the NYSE. However, without having a view of member organization's activity on other exchanges and off-exchange venues, the Exchange has no way of knowing whether this proposed rule change would result in any member organization directing orders to the Exchange in order to qualify for the new tier. As described above, member organizations with liquidity providing orders have a choice of where to send those orders. The Exchange believes that by offering alternate credits for member organizations to qualify for a tiered credit, more member organizations will be able to choose to route their liquidity-providing orders to the Exchange to qualify for

one of the proposed credits.

The Exchange believes the proposed credits are reasonable as they would provide an additional incentive for member organizations to direct their order flow to the Exchange and provide meaningful added levels of liquidity in order to qualify for the higher credits, thereby contributing to depth and market quality on the Exchange. The proposal neither targets nor will it have a disparate impact on any particular category of market participant. All member organizations would be eligible to qualify for the proposed credits if they meet the proposed adding liquidity requirements for each proposed tier. The Exchange believes that offering credits for providing liquidity will continue to attract order flow and liquidity to the Exchange, thereby providing additional price improvement opportunities on the Exchange and benefiting investors generally. As to those market participants that do not presently qualify for the adding liquidity credits, the proposal would provide a lower entry point and revised requirements that could allow those member organizations to qualify for a credit. The proposal will also not adversely impact their ability to qualify for other credits provided by the Exchange.

SLP Adding Tier 1

The Exchange believes the proposal equitably allocates fees and credits among market participants because all member organizations that participate on the Exchange may qualify for the proposed credits and fees on an equal basis. The Exchange believes its proposal equitably allocates its fees and credits among its market participants by fostering liquidity provision and stability in the marketplace. The Exchange believes that the proposed changes would encourage the submission of additional liquidity to a national securities exchange, thereby promoting price discovery and transparency and enhancing order execution opportunities for member organizations from the substantial amounts of liquidity that are present on the Exchange. The proposed changes would also encourage the submission of additional orders that add liquidity, thus providing liquidity to market participants, providing greater price discovery and increasing the quality of order execution on the Exchange's market, which would benefit all market participants. The proposed changes are equitable because they would apply equally to all qualifying similarly-situated SLPs that submit orders to the NYSE and add liquidity to the Exchange.

SLP Provide Tier 1 For Tape B and C Securities

The Exchange believes that higher credits for adding non-displayed liquidity in Tape B and C securities will encourage participation from a greater number of current and new SLPs which would promote additional liquidity in Tape B and C securities. Based on the profile of liquidity-providing SLPs generally, the Exchange believes that additional SLPs could qualify for the non-displayed SLP Provide Tier 1 credit if they choose to direct order flow to, and increase quoting on, the Exchange. The proposed rebate is also equitable because it would apply equally to all existing and potential SLPs. The Exchange believes the proposed higher rebate could provide an incentive for other market participants to become SLPs on the Exchange. The Exchange believes that the proposal

would provide an equal incentive to all member organizations to become SLPs, and that the proposal constitutes an equitable allocation of fees because all similarly situated member organizations would be eligible for the same rebates.

The Proposal is Not Unfairly Discriminatory

The Exchange believes that the proposal is not unfairly discriminatory. In the prevailing competitive environment, member organizations are free to disfavor the Exchange's pricing if they believe that alternatives offer them better value.

Adding Credit Tier 7

The Exchange believes it is not unfairly discriminatory to provide an additional adding tiers and corresponding credits as the proposed credits would be provided on an equal basis to all member organizations that add liquidity by meeting the new proposed adding tier requirements. For the same reason, the Exchange believes it is not unfairly discriminatory to provide incremental credits for member organizations that meet the proposed tier requirements and set the NBBO or BBO in Tape A, B or C securities. Further, the Exchange believes the proposed adding tier credits would incentivize member organizations that meet the new tiered requirements to send more orders to the Exchange. Since the proposed credits would be new, no member organization currently qualifies for them. As noted, without a view of member organization activity on other exchanges and off-exchange venues, the Exchange has no way of knowing whether this proposed rule change would result in any member organization qualifying for the tier. The Exchange believes the proposed credits are reasonable as it would provide an incentive for member organizations to direct their order flow to the Exchange and provide meaningful added levels of liquidity in order to qualify for the credits, thereby contributing to depth and market quality on the Exchange. The proposal neither targets nor will it have a disparate impact on any particular category of market participant. All member organizations that provide liquidity could be eligible to qualify for the proposed credit if meet the proposed adding liquidity requirements. The Exchange believes that offering credits for providing liquidity will continue to attract order flow and liquidity to the Exchange, thereby providing additional price improvement opportunities on the Exchange and benefiting investors generally. As to those market participants that do not presently qualify for adding liquidity credits, the proposal will not adversely impact their existing pricing or their ability to qualify for other credits provided by the Exchange.

SLP Adding Tier 1

The Exchange believes that the proposal is not unfairly discriminatory because it neither targets nor will it have a disparate impact on any particular category of market participant. The proposed higher credit would apply to all similarly situated market participants on an equal and non-discriminatory basis and would be provided on an equal basis to all member organizations that add liquidity by meeting the tiered requirements, who would all be eligible for the same credit on an equal basis. Accordingly, no member organization already operating on the Exchange would be disadvantaged by this

allocation of fees. The proposal does not permit unfair discrimination because the qualification criteria, which would not change, would be applied to all similarly situated member organizations, who would all be eligible for the same credit on an equal basis. Further, as noted, the Exchange believes the proposal would provide an incentive for member organizations to continue to send orders that provide liquidity to the Exchange, to the benefit of all market participants.

SLP Provide Tier 1 For Tape B and C Securities

The Exchange believes that it is not unfairly discriminatory to provide a higher credit under SLP Provide Tier 1 for adding displayed and non-displayed liquidity as the proposed higher credit would be provided on an equal basis to all member organizations that remove liquidity by meeting the tiered requirements. Further, the Exchange believes that the proposed higher credit would incentivize member organizations that are SLPs that meet the current tiered requirements to send more orders to the Exchange to qualify for the higher credit. The Exchange also believes that the proposed change is not unfairly discriminatory because it is reasonably related to the value to the Exchange's market quality associated with higher volume. Submission of orders to the Exchange is also optional for member organizations in that they could choose whether to submit orders to the Exchange and, if they do, the extent of its activity in this regard.

Finally, 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.

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

In accordance with Section 6(b)(8) of the Act,¹⁷ 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, as discussed above, the Exchange believes that the proposed changes would encourage the submission of additional liquidity to a public exchange, thereby promoting market depth, price discovery and transparency and enhancing order execution opportunities for member organizations. As a result, the Exchange believes that the proposed change furthers the Commission's goal in adopting Regulation NMS of fostering integrated competition among orders, which promotes "more efficient pricing of individual stocks for all types of orders, large and small."¹⁸

Intramarket Competition. The proposed change is designed to attract additional order flow to the Exchange. The Exchange believes that the proposed changes would continue

¹⁷ 15 U.S.C. 78f(b)(8).

¹⁸ See Regulation NMS, 70 FR at 37498-99.

to incentivize market participants to direct order flow to the Exchange. Greater liquidity benefits all market participants on the Exchange by providing more trading opportunities and encourages member organizations to send orders, thereby contributing to robust levels of liquidity, which benefits all market participants on the Exchange. The proposed credits would be available to all similarly-situated market participants, and, as such, the proposed change would not impose a disparate burden on competition among market participants on the Exchange. As noted, the proposal would apply to all similarly situated member organizations on the same and equal terms, who would benefit from the changes on the same basis. Accordingly, the proposed change would not impose a disparate burden on competition among market participants on the Exchange.

Intermarket Competition. The Exchange operates in a highly competitive market in which market 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. In such an environment, the Exchange must continually adjust its fees and rebates to remain competitive with other exchanges and with off-exchange venues. 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 does not believe its proposed fee change can impose any burden on intermarket competition.

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

The Exchange has neither solicited nor received written comments on the proposed rule change.

6. Extension of Time Period for Commission Action

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

The foregoing rule change is effective upon filing pursuant to Section 19(b)(3)(A)(ii) of the Act¹⁹ and subparagraph (f)(2) of Rule 19b-4²⁰ 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 Commission shall institute proceedings under Section 19(b)(2)(B) of the Act to determine whether the proposed rule

¹⁹ 15 U.S.C. 78s(b)(3)(A)(ii).

²⁰ 17 CFR 240.19b-4(f)(2).

change should be approved or disapproved.²¹

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

The proposed rule change is not based on the rules of another self-regulatory organization or of the Commission.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

Exhibit 1 – Form of Notice of the Proposed Rule Change for Publication in the Federal Register.

Exhibit 5 – Text of the Proposed Rule Change.

²¹ 15 U.S.C. 78s(b)(2)(B).