

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 amend the Exchange’s port fees.

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 change are complete.

The person on the Exchange staff prepared to respond to questions and comments on the proposed rule change is:

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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 amend the Exchange’s port fees that would be operative March 3, 2025. Specifically, the Exchange proposes a one-time

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

adjustment to port fees that member organizations,³ including Designated Market Makers,⁴ use to connect to the Exchange to send quotes.

The Exchange currently makes ports available that provide connectivity to the Exchange's trading systems (i.e., ports for the entry of orders and/or quotes ("order/quote entry ports")) and charges \$550 per port per month, except that DMMs are not charged for the first twelve ports that connect to the Exchange. The Exchange also currently makes ports available for drop copies and charges \$550 per port per month, except that DMMs are not charged for ports that connect to the Exchange.⁵ With this proposal, the Exchange proposes to increase the current fees for order/quote entry ports and drop copy ports by up to 13.08% on a one-time basis. As proposed, member organizations would be charged \$621 per port per month for order/quote entry ports and \$621 per port per month for drop copy ports.

The proposed port fee increases would enable the Exchange to maintain and improve its market technology and services to remain competitive with its peers. Over the years, customer demand for risk protections and capacity has increased. The Exchange continues to invest in maintaining, improving, and enhancing its port protocols for the benefit and often at the behest of its customers. Such enhancements include refreshing hardware, upgrading risk protections and information security, and offering customers additional capacity. Nevertheless, the Exchange has not increased its order/quote entry port and drop copy port fees since 2015⁶ where inflation has been roughly 13.08% since 2015 as measured using the metric described below. As such, the Exchange proposes to increase its order/quote entry port fee and drop copy port fee by up to 13.08% with respect to inflation that has occurred since 2015 to align with the foregoing fee increases.

Between 2019 and 2025, there was a remarkable increase in the number of inbound messages processed by the Exchange on its Pillar trading platform. The following message rate metrics illustrate this increase in throughput:

³ The term "member organization" means a registered broker or dealer, including sole proprietors, partnerships, limited liability partnerships, corporations, and limited liability corporations, approved by the Exchange pursuant to NYSE Rule 311. A registered broker or dealer must also be approved by the Exchange and authorized to designate an associated natural person to effect transactions on the floor of the Exchange or any facility thereof. See NYSE Rule 2(b)(i). The term "member organization" also includes any registered broker or dealer which does not own a trading license and agrees to be regulated by the Exchange as a member organization and which the Exchange has agreed to regulate. See NYSE Rule 2(b)(ii).

⁴ Pursuant to NYSE Rule 1.1(e), the term "Designated Market Maker" or "DMM" means an individual member, officer, partner, employee or associated person of a DMM unit who is approved by the Exchange to act in the capacity of a DMM. The term DMM unit means a member organization or unit within a member organization that has met the requirements of Rules 98 and 104.

⁵ Only one fee per drop copy port applies, even if the port receives drop copies from multiple order/quote entry ports.

⁶ See Securities Exchange Act Release No. 76072 (October 5, 2015), 80 FR 61258 (October 9, 2015) (SR-NYSE-2015-43).

- Peak Rate by Millisecond: up approximately 37%
- Average Rate per Millisecond: up approximately 67%
- Average Rate per Second: up approximately 67%
- Peak Total Messages: up approximately 351%
- Average Total Messages: up approximately 357%
- Average Daily Volume: up approximately 17%

With this increase in message traffic the Exchange expended significant resources to improve its services to meet customer expectations, including continued investment in all aspects of the technology ecosystem (e.g., software, hardware, and network).

As discussed below, the Exchange proposes to adjust its fees by an industry- and product-specific inflationary measure. It is reasonable and consistent with the Act for the Exchange to recoup its investments, at least in part, by adjusting its fees. Continuing to operate at fees frozen at 2015 levels impacts the Exchange's ability to enhance its offerings and the interests of market participants and investors.

The fee increases the Exchange proposes are based on an industry-specific Producer Price Index (PPI), which is a tailored measure of inflation.⁷ As a general matter, the Producer Price Index is a family of indexes that measures the average change over time in selling prices received by domestic producers of goods and services. PPI measures price change from the perspective of the seller. This contrasts with other metrics, such as the Consumer Price Index (CPI), that measure price change from the purchaser's perspective.⁸ About 10,000 PPIs for individual products and groups of products are tracked and released each month.⁹ PPIs are available for the output of nearly all industries in the goods-producing sectors of the U.S. economy—mining, manufacturing, agriculture, fishing, and forestry—as well as natural gas, electricity, and construction, among others. The PPI program covers approximately 69 percent of the service sector's output, as measured by revenue reported in the 2017 Economic Census.

For purposes of this proposal, the relevant industry-specific PPI is the Data Processing and Related Services PPI (“Data PPI”), which is an industry net-output PPI that measures the average change in selling prices received by companies that provide data processing services.

The Data PPI was introduced in January 2002 by the Bureau of Labor Statistics (BLS) as part of an ongoing effort to expand Producer Price Index coverage of the services sector of the U.S. economy and is identified as NAICS - 518210 in the North American Industry

⁷ See <https://fred.stlouisfed.org/series/PCU51825182#0>.

⁸ See <https://www.bls.gov/ppi/overview.htm>.

⁹ Id.

Classification System.¹⁰ According to the BLS “[t]he primary output of NAICS 518210 is the provision of electronic data processing services. In the broadest sense, computer services companies help their customers efficiently use technology. The processing services market consists of vendors who use their own computer systems—often utilizing proprietary software—to process customers’ transactions and data. Companies that offer processing services collect, organize, and store a customer’s transactions and other data for record-keeping purposes. Price movements for the NAICS 518210 index are based on changes in the revenue received by companies that provide data processing services. Each month, companies provide net transaction prices for a specified service. The transaction is an actual contract selected by probability, where the price-determining characteristics are held constant while the service is repriced. The prices used in index calculation are the actual prices billed for the selected service contract.”¹¹

The Exchange believes the Data PPI is an appropriate measure to be considered in the context of the proposed rule change to modify its port fees because the Exchange uses its “own computer systems” and “proprietary software,” i.e., its own data center and proprietary matching engine software, respectively, to collect, organize, store and report customers’ transactions in U.S. equity securities on Pillar, the Exchange’s proprietary trading platform. In other words, the Exchange is in the business of data processing and related services.

For purposes of this proposed rule change, the Exchange examined the Data PPI value for the period from October 2015 to January 2025. The Data PPI had a starting value of 103.550 in October 2015 and an ending value of 117.036 in January 2025, a 13.08% increase. This indicates that companies who are also in the data storage and processing business have generally increased prices for a specified service covered under NAICS 518210 by an average of 13.08% during this period. Based on that percentage change, the Exchange proposes to make a one-time fee increase by up to 13.08% for the order/quote entry ports and drop copy ports, which reflects an increase covering the entire period since the last price adjustment to the order/quote entry port fee and the drop copy port fee was made.

The Exchange further believes the Data PPI is an appropriate measure for purposes of the proposed rule change on the basis that it is a stable metric with limited volatility, unlike other consumer-side inflation metrics. In fact, the Data PPI has not experienced a greater than 3.00% increase for any one calendar year period since 2004, the earliest Data PPI is available. The average calendar year change from 2004 to 2025 was 0.76%, with a cumulative increase of 17.15% over this 21-year period. The Exchange believes the Data PPI is considerably less volatile than other inflation metrics such as CPI, which has had

¹⁰ NAICS appears in table 5 of the PPI Detailed Report and is available at <https://data.bls.gov/timeseries/PCU518210518210>.

¹¹ See <https://www.bls.gov/ppi/factsheets/producer-price-index-for-the-data-processing-and-related-services-industry-naics-518210.htm>.

individual calendar-year increases averaging 2.62%, and a cumulative increase of 71.53% during the same period.¹²

The Exchange believes the Data PPI, and significant investments into, and enhanced performance of, the Exchange support the reasonableness of the proposed fee increases.¹³

(b) Statutory Basis

The Exchange believes the proposed rule change is consistent with the provisions of Section 6 of the Act,¹⁴ in general, and Sections 6(b)(4) and 6(b)(5) of the Act,¹⁵ in particular, in that it provides an equitable allocation of reasonable fees among users and recipients of the data and is not designed to permit unfair discrimination among customers, issuers, and brokers.

This belief is based on two factors. First, the current fees do not properly reflect the quality of the order/quote entry ports and drop copy ports, as fees for these port offerings have been static in nominal terms, and therefore falling in real terms due to inflation. Second, the Exchange believes that investments made in enhancing the risk protections and capacity of order/quote entry ports and drop copy ports has increased the performance of these port offerings.

The Proposed Rule Change Is Reasonable

As noted above, the Exchange has not increased any of the fees included in the proposal since 2015. However, in the years following the last fee increase the Exchange has made significant investments in upgrades to its order/quote entry ports and drop copy ports, enhancing the quality of its services, as measured by, among other things, increased capacity. In other words, Exchange customers have greatly benefitted, while the Exchange's ability to recoup its investments has been hampered.

Between 2015 and 2025, the inflation rate was 3.36% per year, on average, producing a cumulative inflation rate of 33.57%.¹⁶ Using the more targeted inflation number of Data PPI, the cumulative inflation rate was 13.08%. The exchange believes the Data PPI is a

¹² See <https://www.usinflationcalculator.com/inflation/consumer-price-index-and-annual-percent-changes-from-1913-to-2008/>.

¹³ See *supra* discussion of system performance advancements. Additionally, other exchanges have filed for increases in certain fees, based in part on comparisons to inflation. See, e.g., Securities Exchange Act Release Nos. 100004 (April 22, 2024), 89 FR 32465 (April 26, 2024) (SR-CboeBYX-2024-012); 34-100398 (June 21, 2024), 89 FR 53676 (June 27, 2024) (SR-BOX-2024-16); and 102103 (January 3, 2025), 90 FR 2045 (January 10, 2025) (SR-NASDAQ-2024-087).

¹⁴ 15 U.S.C. 78f(b).

¹⁵ 15 U.S.C. 78f(b)(4), (5).

¹⁶ See <https://www.officialdata.org/us/inflation/2019?endYear=2023&amount=1>.

reasonable metric to base this fee increase on because it is targeted to producer-side increases in the data processing industry.

Notwithstanding inflation, as noted above, the Exchange has not increased its fees for order/quote entry ports and drop copy ports for almost ten years for the subject services. The proposed fee changes therefore represent a modest increase from the current fees.

The Exchange believes the proposed fee increase is reasonable in light of the Exchange's continued expenditure in maintaining a robust technology ecosystem. Furthermore, the Exchange continues to invest in maintaining and enhancing its port products – for the benefit and often at the behest of its customers and global investors. Such enhancements include refreshing several aspects of the technology ecosystem including software, hardware, and network while introducing new and innovative products. The goal of the enhancements discussed above, among other things, is to provide more modern connectivity to the Exchange's trading systems. Accordingly, the Exchange continues to expend resources to innovate and modernize its technology so that it may benefit its members in offering order/quote entry ports and drop copy ports.

The Proposed Fees Are Equitably Allocated and Not Unfairly Discriminatory

The Exchange believes that the proposed fee increases are equitably allocated and not unfairly discriminatory because they would apply to all member organizations that utilize order/quote entry ports and drop copy ports to connect to the Exchange. Member organizations are the only market participants that are permitted to quote on the Exchange. These liquidity providers are critical market participants in that they are the only market participants that provide liquidity to the Exchange on a continuous basis.

The Exchange also believes that the proposal represents an equitable allocation of reasonable dues, fees and other charges because Exchange fees have fallen in real terms during the relevant period. The Exchange believes that the proposed fee changes are not unfairly discriminatory because the fees would be assessed uniformly across all member organizations in the same manner they are today.

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

The Exchange does not believe that the proposed fees will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

Intramarket Competition. The Exchange believes that the proposed fees do not put any market participants at a relative disadvantage compared to other market participants. As noted above, the Exchange would apply the proposed 13.08% increase to the order/quote entry ports and drop copy ports to all member organizations uniformly. Member organizations are the only market participants that are assessed an order/quote entry port fee and a drop copy port fee because they are the only market participants that are permitted to send quotes and orders to the Exchange. These liquidity providers are critical market participants in that they are the only participants that provide liquidity to the Exchange on a continuous basis.

Intermarket Competition. The Exchange believes that the proposed fees do not impose a burden on competition or on other SROs that is not necessary or appropriate. In determining the proposed fees, the Exchange utilized an objective and stable metric with limited volatility. Utilizing Data PPI over a specified period of time is a reasonable means of recouping the Exchange's investment in maintaining and enhancing its port offerings such as the order/quote entry ports and drop copy ports. The Exchange believes utilizing Data PPI, a tailored measure of inflation, to increase the fees for the order/quote entry ports and drop copy ports to recoup the Exchange's investment in maintaining and enhancing such offerings would not impose a burden on 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)¹⁷ of the Act and subparagraph (f)(2) of Rule 19b-4¹⁸ 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 Commission shall institute proceedings under Section 19(b)(2)(B)¹⁹ of the Act to determine whether the proposed rule change should be approved or disapproved.

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

This proposed rule change has similarities to a proposal filed with the Commission by the

¹⁷ 15 U.S.C. 78s(b)(3)(A).

¹⁸ 17 CFR 240.19b-4(f)(2).

¹⁹ 15 U.S.C. 78s(b)(2)(B).

Nasdaq Stock Market LLC.²⁰

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 Proposed Rule Change for Publication in the Federal Register

Exhibit 5 – Proposed Rule Change

²⁰ See Securities Exchange Act Release No. 102103 (January 3, 2025), 90 FR 2045 (January 10, 2025) (SR-NASDAQ-2024-087).