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] NYSE American LLC ("NYSE American" or the "Exchange") proposes to modify the NYSE American Options Fee Schedule ("Fee Schedule") to amend the Exchange's port fees. The Exchange proposes to implement the fee change effective March 3, 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 person on the Exchange staff prepared to respond to questions and comments on the proposed rule change is:

Kathleen E. Murphy
Senior Counsel
NYSE Group, Inc.
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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 purpose of this filing is to modify the Fee Schedule to amend the Exchange's port fees. Specifically, the Exchange proposes a one-time adjustment to increase port fees that ATP Holders[3] use to connect to the Exchange and to eliminate a discount currently

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

[2] 17 CFR 240.19b-4.

[3] Pursuant to Rule 900.2NYP, the term "ATP Holder" refers to a natural person, sole proprietorship, partnership, corporation, limited liability company or other organization, in good standing, that has been issued an ATP. An ATP Holder must be a registered broker or dealer pursuant to Section 15 of the Securities

available for such fees. The Exchange proposes to implement the fee change effective March 3, 2025.

The Exchange currently makes available ports that provide connectivity to the Exchange's trading systems ("order/quote entry ports") and charges monthly fees of $450 per port for the first forty ports and $150 for each additional port.[4] For purposes of calculating the number of order/quote entry ports, the Exchange aggregates the ports of affiliates.[5] The Exchange also allows ATP Holders to utilize ports for drop copies and charges monthly fees of $500 per port.[6] In addition, the Exchange currently offers a discount on port fees to any NYSE American Market Maker that "executes 50% or more of their market maker volume in open outcry shall receive a discount on their monthly port fees of 60%, not to exceed a maximum dollar discount of $10,000 per month" (the "open outcry discount").[7] The Exchange has not modified its port fees since 2014.[8]

With this proposal, the Exchange would increase the current "port fees" for order/quote entry ports and drop copy ports by up to 13.3% on a one-time basis. As proposed, for each order/quote entry port, ATP Holders would be charged $510 per month for each of the first forty ports (i.e., ports 1-40) and $170 per month for each additional port (i.e., posts 41 and greater) and, for each drop copy port, ATP Holders would be charged $567 per month. The Exchange also proposes to eliminate the open outcry discount that it adopted in 2014, as discussed below.

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

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Exchange Act of 1934. An ATP Holder has status as a "member" of the Exchange as that term is defined in Section 3 of the Securities Exchange Act of 1934, as amended. The term "ATP" refers to an American Trading Permit issued by the Exchange for effecting approved securities transactions on the Exchange. See id.

4 See Fee Schedule, Section V. A., Port Fees, available here, https://www.nyse.com/publicdocs/nyse/markets/american-options/NYSE_American_Options_Fee_Schedule.pdf (charging $450 for Ports 1-40 and $150 for Ports 41 and greater). No fee is assessed for order/quote entry ports in the backup datacenter that are not utilized during the relevant month. See id. For Arca: Fee Schedule, Port Fees, available here,

5 An affiliate is a person or firm that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the firm. See Rule 900.2NYP, Definitions.

6 See Fee Schedule, Section V. A., Port Fees.

7 A Market Maker is an ATP Holder that is registered with the Exchange for the purpose of making transactions as a dealer-specialist on the Floor of the Exchange or by submitting quotes electronically. See Rule 920NY(a).

8 See Securities and Exchange Release No. 73490 (October 31, 2014), 79 FR 66007 (November 6, 2014) (SR-NYSEMKT-2014-92) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending the NYSE Amex Options Fee Schedule To Modify the Fees Related to the Use of Ports That Provide Connectivity to the Exchange's Trading Systems for Entry of Orders and/or Quotes).

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 port fees in more than ten years where inflation has been 13.3% since 2014, as measured using the metric described below. Accordingly, the Exchange proposes to increase its port fees by up to 13.3% with respect to inflation that has occurred since 2017 to align with the foregoing fee increases.

Since 2014, participation in options trading has risen steadily and, to keep pace with changes in the industry, the Exchange has 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). Notably, in October 2023, the Exchange migrated to NYSE "Pillar", the Exchange's proprietary technology trading platform, which has improved efficiency and enhanced consistency, performance, and resiliency. While the Exchange has only been on Pillar for a little over a one year, its affiliated options exchange, NYSE Arca, Inc. ("NYSE Arca") migrated to Pillar in July 2022 -- more than two and a half years ago.

Between 2022 and 2025, there was a remarkable increase in the number of inbound messages processed by the NYSE Arca on the Pillar trading platform. The following message rate metrics illustrate this increase in throughput:

- Average Total Messages: up approximately 146%
- Peak Total Messages: up approximately 62%
- Peak Rate by Millisecond: up approximately 40%
- Average Roundtrip Latency: down approximately 52%

The Exchange believes this NYSE Arca data, which provides a reasonable basis for comparison, indicates that based on latency, Pillar has not just accommodated the high message traffic volumes but has handled it with increasing efficiency and improved latency.

As discussed below, the Exchange proposes to adjust its fees by an industry- and product-specific inflationary measure, which measure has been relied upon by other options exchanges that recently increased their port fees.[9] The Exchange believes it is reasonable and consistent with the Act for it to recoup its investments, at least in part, by adjusting its port fees. The Exchange notes that continuing to operate at fees frozen at 2014 levels would negatively impact the Exchange's ability to enhance its offerings and the interests of market participants and investors.

The proposed increases to port fees are based on an industry-specific Producer Price

[9] See, e.g., Securities Exchange Act Release Nos. 101979 (December 19, 2024), 89 FR 105657 (December 19, 2024) (SR-BOX-2024-30); and 102103 (January 3, 2025), 90 FR 2045 (January 10, 2025) (SR-NASDAQ-2024-087).

Index ("PPI"), which is a tailored measure of inflation.[10] As a general matter, the PPI is a family of indexes that measures the average change over time in selling prices received by domestic producers of goods and services. The PPI measures price change from the perspective of the seller. This contrasts with other metrics, such as the Consumer Price Index ("CPI"), which measure price change from the purchaser's perspective.[11] About 10,000 PPIs for individual products and groups of products are tracked and released each month.[12] In fact, 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 Classification System.[13] 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."[14]

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

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10 See https://fred.stlouisfed.org/series/PCU51825182#0.

11 See https://www.bls.gov/ppi/overview.htm.

12 Id.

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

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

customers' transactions in U.S. options 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 2014 to 2025. The Data PPI had a starting value of 103.3 in 2014 and an ending value of 117.036 in 2025, an 13.3% increase.[15] This indicates that companies that 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 13.3% during this period. Based on that percentage change, the Exchange proposes to make a one-time fee increase by up to 13.3% for the order/quote entry ports and drop copy ports.

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 individual calendar-year increases averaging 2.62%, and a cumulative increase of 71.53% during the same period.[16]

The Exchange believes the Data PPI, and significant investments into, and enhanced performance of, the Exchange support the reasonableness of the proposed fee increases.[17]

Eliminate Open Outcry Discount

The Exchange also proposes to eliminate the open outcry discount on port fees that it adopted in 2014. At that time when there were sizable market making firms with a presence on the Trading Floor. Today, over a decade later, the number and size of market-making firms eligible to qualify for the discount (i.e., that execute significant open outcry volume) has decreased significantly. As such, this discount has become unnecessary and ineffective and the Exchange therefore proposes to discontinue it. Further, the Exchange believes that removing this (legacy) discount would streamline port fees as such fees would be based solely on the number of ports utilized. Removing this discount would also align the Exchange with its competitors, none of which currently offer a discount on port fees, resulting in a more standardized industry-wide approach of port fees.

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15 See https://fred.stlouisfed.org/series/PCU51825182#0.

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

17 See supra discussion of Pillar system performance advancements. Additionally, other exchanges have filed for increases in certain connectivity fees. See, e.g., Securities Exchange Act Release Nos. 101979 (December 19, 2024), 89 FR 105657 (December 19, 2024) (SR-BOX-2024-30); and 102103 (January 3, 2025), 90 FR 2045 (January 10, 2025) (SR-NASDAQ-2024-087).

(b) Statutory Basis

The Exchange believes the proposed rule change is consistent with the provisions of Section 6 of the Act,[18] in general, and Sections 6(b)(4) and 6(b)(5) of the Act,[19] 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 2014. 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 2014 and 2025, the inflation rate was 2.16% per year, on average, producing a cumulative inflation rate of 17.036%.[20] Using the more targeted inflation number of Data PPI, the cumulative inflation rate was 13.3%. The Exchange believes the Data PPI is a reasonable metric on which to base this fee increase because it is targeted to producer-side increases in the data processing industry.

Notwithstanding inflation, as noted above the Exchange has not increased its port fees in over ten years. The proposed port fees represent an increase of up to 13.3%, which on par with the rate of inflation as measured by the Data PPI. The Exchange believes the proposed fee increase is reasonable given 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

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[18] 15 U.S.C. 78f(b).

[19] 15 U.S.C. 78f(b)(4), (5).

[20] See https://www.officialdata.org/us/inflation/2019?endYear=2023&amount=1.

and modernize its technology to the benefit of ATP Holders in offering order/quote entry ports and drop copy ports.

The Exchange believes further that it is reasonable to increase its port fees to compensate for inflation because, over time, inflation has degraded the value of each dollar that the Exchange collects in port fees, such that the real revenue collected today is considerably less than that same revenue collected in 2014. The impact of this inflationary effect is also independent of any change in the Exchange's costs in providing its goods and services. The Exchange believes that it is reasonable for it to offset, in part, this erosion in the value of the revenues it collects. Additionally, the Exchange historically does not increase port fees every year, notwithstanding inflation. Accordingly, the Exchange believes the proposal to increase port fees up to 13.3% from the rate adopted eleven years ago.

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 ATP Holders that utilize order/quote entry ports and drop copy ports to connect to the Exchange. ATP Holders 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 market participants in the same manner they are today.

Eliminate Open Outcry Discount

The Exchange believes that the proposed elimination of the decade-old open outcry discount is reasonable, equitable, and not unfairly discriminatory. The proposed change is reasonable because the mix of market-making firms with a presence on the Trading Floor has changed significantly since 2014 when the discount was introduced such that the discount has been rendered unnecessary and ineffective. Further, the removal of this (legacy) discount would streamline port fees such that all market participants would be charged based solely on the number of ports, which simplification would add clarity and transparency to the Fee Schedule to the benefit of investors and the public interest. In addition, the proposed removal of this discount would also align the Exchange with its competitors, none of which currently offer a discount on port fees, resulting in a more standardized industry-wide approach of port fees.

The Exchange believes the proposed rule change is an equitable allocation of its fees and credits and is not unfairly discriminatory because the elimination of the open outcry discount applies equally to all similarly-situated market participants on an equal and non-discriminatory basis.

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.

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

In accordance with Section 6(b)(8) of the Act, the Exchange does not believe that the proposed rule change would 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. Port fees are based on the number of ports utilized by the various size of ATP Holders. The proposed port fees would not impose a barrier to entry to smaller ATP Holders as such participants would only be charged for their relative use of Exchange resources (i.e., the number of ports). As such, the proposed port fee increase of up to 13.33% would apply uniformly to all similarly-situated ATP. Finally, the proposed elimination of the open outcry discount would apply equally to all similarly-situated market participants on an equal and non-discriminatory 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 port fees, the Exchange utilized an objective and stable metric with limited volatility. Utilizing Data PPI over a specified period is a reasonable means of recouping the Exchange's investment in maintaining and enhancing its order/quote entry ports and drop copy ports. The Exchange believes utilizing Data PPI, a tailored measure of inflation, as the basis for the increased port fees to recoup the Exchange's investment in maintaining and enhancing such offerings would not impose a burden on competition.

The Exchange operates in a highly competitive market in which ATP Holders can determine whether to connect directly to the Exchange based on the value received compared to the cost of doing so. Should any ATP Holder find the proposed port fees unattractive (including the removal to the open outcry discount), that ATP Holder has numerous alternative trading venues to which they may connect and on which they may participate.

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 Act[21] 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 change should be approved or disapproved.[22]

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 BOX Exchange LLC and the Nasdaq Stock Market LLC.[23]

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 – Amendment to the Exchange's Fee Schedule

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21 15 U.S.C. 78s(b)(3)(A)(ii).

22 15 U.S.C. 78s(b)(2)(B).

23 See Securities Exchange Act Release Nos. 101979 (December 19, 2024), 89 FR 105657 (December 19, 2024) (SR-BOX-2024-30); and 102103 (January 3, 2025), 90 FR 2045 (January 10, 2025) (SR-NASDAQ-2024-087).