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 (1) increase the rate for Manual transactions by Specialists and e-Specialists from $0.30 to $0.50 per contract and (2) remove obsolete text regarding expired or discontinued pricing related to the Options Regulatory Fee ("ORF") and the NYSE FANG+ Index. The Exchange proposes to implement the fee change effective March 7, 2025.[3]

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 would 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 are:

Kathleen E. Murphy
Senior Counsel
NYSE Group, Inc.
(212) 656-4841

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

(a) Purpose

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

2 17 CFR 240.19b-4.

3 On March 3, 2025, the Exchange filed to amend the Fee Schedule (NYSEAMER-2025-10) and withdrew such filing on March 7, 2025.

The purpose of this filing is to modify the Fee Schedule to (1) increase the rate for Manual transactions by Specialists and e-Specialists (collectively, "Specialists") from $0.30 to $0.50 per contract and (2) remove obsolete text regarding expired or discontinued pricing related to the ORF and the NYSE FANG+ Index.

Specialist Manual Rate

Currently, Specialist are charged $0.30 per contract for Manual transactions.[4] The Exchange proposes to increase the fee for Specialists' Manual transactions to $0.50 per contract, which is the same fee charged to NYSE American Options Market Makers ("Market Makers"). The proposed fee change would also align the Exchange's fee for Manual transactions by Specialists with fees charged by at least one other competing exchange.[5] Although the proposed change would increase the fee for Manual transactions for Specialists, the Exchange believes Specialists will continue to quote actively to participate in transactions on the Trading Floor as they do today, thereby promoting trading opportunities and competition on the Trading Floor to the benefit of all market participants.

Technical changes

The Exchange also proposes to amend the Fee Schedule to remove text relating to certain other pricing that is no longer in effect. First, the Exchange proposes to eliminate now-obsolete text that provided for a now-expired waiver of the ORF for the last few months of 2023 and to remove as unnecessary verbiage regarding the resumption of ORF at a new rate effective January 1, 2024.[6] As proposed, the Fee Schedule would simply set forth the existing ORF, which is $0.0038 per contract. The Exchange believes this change would streamline the Fee Schedule and remove potential confusion regarding the current ORF. The Exchange also proposes to eliminate from Section III.C. an obsolete reference to the NYSE FANG+ Index ("FAANG"), which states that "FAANG is exempt from the Rights Fees", as FAANG options were delisted in February 2023, and these fees are no longer applicable.[7] The Exchange believes the proposed change would

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4 See Fee Schedule, Section I.A. (Rates for Options transactions).

5 See Nasdaq Phlx LLC, Options 7 Pricing Schedule, Section 4 (providing for $0.50 per contract fee for Lead Market Maker (and Market Maker) manual executions).

6 See Securities Exchange Act Release No. 98678 (October 3, 2023), 88 FR 69973 (October 10, 2023) (SR-NYSEAMER-2023-48) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend the NYSE American Options Fee Schedule Concerning the Options Regulatory Fee).

7 See proposed Fee Schedule, Sections III.C., e-Specialist, DOMM and Specialist Monthly Rights Fees (which removes note 1 from the table setting forth the Monthly Rights Fees). The Exchange inadvertently failed to remove this text when it deleted all other references to (obsolete) FAANG pricing. See Securities Exchange Act Release No. 97372 (April 25, 2023), 88 FR 26629 (May 1, 2023) (SR-NYSEAMER-2023-28) (Notice of Filing and Immediate Effectiveness of a Proposed

improve the clarity of Fee Schedule by removing obsolete and unnecessary text, thereby obviating potential confusion regarding pricing currently in effect.

(b) Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,[8] in general, and furthers the objectives of Sections 6(b)(4) and (5) of the Act,[9] in particular, because it provides for the equitable allocation of reasonable dues, fees, and other charges among its members, issuers and other persons using its facilities and does not unfairly discriminate between customers, issuers, brokers or dealers.

The proposed change is reasonable, equitable, and not unfairly discriminatory. As a threshold matter, the Exchange is subject to significant competitive forces in the market for options securities transaction services that constrain its pricing determinations in that 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."[10]

There are currently 18 registered options exchanges competing for order flow. Based on publicly-available information, and excluding index-based options, no single exchange has more than 16% of the market share of executed volume of multiply-listed equity and ETF options trades.[11] Therefore, currently no exchange possesses significant pricing power in the execution of multiply-listed equity and ETF options order flow. More specifically, in January 2025, the Exchange had 6.54% market share of executed volume of multiply-listed equity and ETF options trades.[12] In such a low-concentrated and highly competitive market, no single options exchange possesses significant pricing power in the execution of option

Rule Change To Modify the NYSE American Options Fee Schedule to, among other changes, remove references to fees and credits relating to FAANG transactions).

8 15 U.S.C. 78f(b).

9 15 U.S.C. 78f(b)(4) and (5).

10 See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) (S7-10-04) ("Reg NMS Adopting Release").

11 The OCC publishes options and futures volume in a variety of formats, including daily and monthly volume by exchange, available here: https://www.theocc.com/Market-Data/Market-Data-Reports/Volume-and-Open-Interest/Monthly-Weekly-Volume-Statistics.

12 Based on a compilation of OCC data for monthly volume of equity-based options and monthly volume of ETF-based options, see id., the Exchange's market share in equity-based options decreased slightly from 7.82% for the month of January 2024 to 6.54% for the month of January 2025.

order flow. Within this environment, market participants can freely and often do shift their order flow among the Exchange and competing venues in response to changes in their respective pricing schedules.

Specialist Manual Rate

The Exchange believes the proposed change is reasonable because, although it would increase the fee for Specialists' Manual transactions, it will result in LMMs being charged the same rate as Market Makers (i.e., $0.50 per contract for Manual executions). The proposed rate increase is also designed to bring the Exchange's fee closer into alignment with a similar fee charged on at least one other competing exchange with a trading floor.[13] In addition, although Specialists (like Market Makers) would continue to be subject to a Manual transaction fee greater than those charged to other market participants, the proposed fee is reasonable because Specialists may disproportionately benefit from certain incentives for Floor-based trading.[14] The Exchange also believes the proposed change, although it would increase the fee applicable to Specialists' Manual transactions, would not discourage Specialists from conducting Manual transactions on the Exchange, thereby continuing to attract volume and liquidity to the Exchange generally and to the benefit all market participants (including those that do not participate in Manual transactions) through increased opportunities to trade.

The Exchange believes the proposed rule change is an equitable allocation of its fees and is not unfairly discriminatory, as it applies equally to all similarly-situated market participants on an equal and non-discriminatory basis. The proposal is based on the type of business transacted on the Exchange, and Specialists are not obligated to engage in Manual transactions. Specialists benefit from having access to interact with orders that are made available in open outcry on the Trading Floor, and the Exchange believes that the proposed increased fee for Specialists' Manual transactions is designed to balance the need to attract both Specialists' and other market participants' orders to the Trading Floor. Although the proposed change would increase the fee for Specialists' Manual transactions, the Exchange believes Specialists would continue to quote actively so that they may participate in Manual transactions as they do today, thereby promoting competition and maintaining market quality for all market participants. The Exchange also believes that increasing fees for Manual transactions by Specialists, but not for other market participants, represents an equitable, non-discriminatory allocation of fees because Specialists may disproportionately benefit from certain incentives for Floor-based trading relative to other market

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13 See note 5, supra.

14 See, e.g., Fee Schedule, Section I.J., Strategy Execution Fee Cap (reducing the Cap on strategy executions from $1,000 to $200 for market participants that execute at least 25,000 monthly billable contract sides in qualifying strategies). While the reduced Cap is available to all market participants, the Exchange notes that Specialists (and Market Makers) have a time and place advantage by virtue of their presence on the Trading Floor to participate in such executions and therefore benefit from the reduced Cap.

participants.[15]

Technical changes

The Exchange believes the proposed deletion of expired or discontinued pricing programs from the Fee Schedule is reasonable, equitable, and not unfairly discriminatory because it would improve the clarity and transparency of the Fee Schedule and reduce potential confusion regarding current fees applicable to market participants transacting on the Exchange. The Exchange believes the proposal would impact all similarly situated market participants on an equal basis. Finally, the Exchange believes that amending the Fee Schedule to remove obsolete pricing would further the protection of investors and the public interest by promoting clarity and transparency in the Fee Schedule and making the Fee Schedule easier to navigate and understand.

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. Instead, as discussed above, the Exchange believes that the proposed change to increase the fee on Specialists' manual transactions would be consistent with charges for similar business on at least one other market. 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."[16]

Intramarket Competition. The proposed change to increase the fee on Specialists' manual transactions, which brings this fee into alignment with the rate charged to Market Makers, is designed to continue to promote the use of the Exchange as a primary trading venue, and, specifically, to encourage competition on the Trading Floor. The proposed change is designed to balance the need to attract both Specialists' and other market participants' orders to the Trading Floor. The Exchange believes that the proposed change to the fee applicable to Manual transactions by Specialists would not discourage them from continuing to conduct Manual transactions on the Exchange because interacting with orders that are made available in open outcry on the Trading Floor promotes additional opportunities for quality executions. To the extent that this purpose is achieved, all the Exchange's market participants should benefit from the continued market liquidity. Enhanced market quality and increased transaction volume that results from the increase in order flow directed to the Exchange will benefit all market participants and improve competition on the Exchange. The Exchange also believes that increasing fees for Manual transactions by Specialists relative to

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15 See id.

16 See Reg NMS Adopting Release, supra note 10, at 37499.

other market participants does not impose an undue burden on competition because, as noted above, Specialists may disproportionately benefit from certain incentives for Floor-based trading relative to other market participants.[17]

The Exchange believes that the proposed change to eliminate obsolete language regarding expired pricing related to ORF and FAANG would not impact intramarket competition because it is intended only to add clarity to the Fee Schedule by removing obsolete and unnecessary text that could potentially confuse market participants.

Intermarket Competition. The Exchange operates in a highly competitive market in which market participants can readily favor one of the 17 other competing option exchanges if they deem fee levels at a particular venue to be excessive. Based on publicly-available information, and excluding index-based options, no single exchange has more than 16% of the market share of executed volume of multiply-listed equity and ETF options trades.[18] Therefore, currently no exchange possesses significant pricing power in the execution of multiply-listed equity and ETF options order flow. More specifically, in January 2025, the Exchange had 6.54% market share of executed volume of multiply-listed equity and ETF options trades.[19]

The Exchange believes that the proposed rule change to increase the fee on Specialists' manual transactions reflects this competitive environment because it modifies the Exchange's fees to be more closely aligned with fees charged by at least one other market with a Trading Floor for similar transactions.[20] The Exchange also believes that the proposed change would continue to promote competition between the Exchange and other execution venues because continued Specialists activity on the Trading Floor would encourage liquidity, thereby maintaining market quality on the Exchange and encouraging orders to be sent to the Exchange for execution. To the extent that this purpose is achieved, all the Exchange's market participants should benefit from the improved market quality and increased opportunities for price improvement.

The Exchange believes that the proposed change to eliminate obsolete language regarding expired pricing related to ORF and FAANG would not impact intermarket competition because it is intended only to add clarity to the Fee

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17 See note 14, supra.

18 The OCC publishes options and futures volume in a variety of formats, including daily and monthly volume by exchange, available here: https://www.theocc.com/Market-Data/Market-Data-Reports/Volume-and-Open-Interest/Monthly-Weekly-Volume-Statistics.

19 Based on a compilation of OCC data for monthly volume of equity-based options and monthly volume of ETF-based options, see id., the Exchange's market share in equity-based options decreased slightly from 7.82% for the month of January 2024 to 6.54% for the month of January 2025.

20 See note 5, supra.

Schedule by removing obsolete and unnecessary text that could potentially confuse market participants.

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] and subparagraph (f)(2) of Rule 19b-4[22] 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.[23]

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.

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

22 17 CFR 240.19b-4(f)(2).

23 15 U.S.C. 78s(b)(2)(B).

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