

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104672; File No. SR-NYSEARCA-2026-03]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Modify the NYSE Arca Options Fee Schedule to Adopt Additional Rebates for Certain Manual and QCC Executions

January 23, 2026.

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (“Act”),² and Rule 19b-4 thereunder,³ notice is hereby given that on January 14, 2026, NYSE Arca, Inc. (“NYSE Arca” or the “Exchange”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to modify the NYSE Arca Options Fee Schedule (“Fee Schedule”) regarding the Floor Broker Fixed Cost Prepayment Incentive Program to adopt certain additional rebates for manual and QCC executions. The proposed rule change is available on the Exchange’s website at www.nyse.com and at the principal office of the Exchange.

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

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

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

1. Purpose

The purpose of this filing is to modify the Floor Broker Fixed Cost Prepayment Incentive Program (the “FB Prepay Program”) by adopting certain additional rebates for manual executions. The Exchange proposes to implement the fee change effective January 14, 2026.⁴

The FB Prepay Program is a prepayment incentive program that allows Floor Brokers to prepay certain of their annual Eligible Fixed Costs in exchange for volume rebates.⁵

Participating Floor Brokers receive their rebate amount on a monthly basis. All Floor Brokers that participate in the FB Prepay Program are eligible for a rebate on manual billable volume of (\$0.08) per billable side, payable on a monthly basis. In addition, FB Prepay Program participants that achieve more than 500,000 manual billable sides in a month are eligible for an additional rebate of (\$0.02) per billable side, which is payable back to the first billable side.

Participants in the FB Prepay Program may be eligible for additional rebates based on combined QCC and manual billable volume, payable back to the first billable side, as shown in the table on the Fee Schedule.⁶ The calculation of volume on which rebates earned through the Manual

⁴ The Exchange previously filed to amend the Fee Schedule on December 31, 2025, for January 2, 2026 effectiveness (SR-NYSEARCA-2025-92), and withdrew such filing on January 14, 2026.

⁵ See Fee Schedule, FLOOR BROKER FIXED COST PREPAYMENT INCENTIVE PROGRAM (the “FB Prepay Program”). “Eligible Fixed Costs” include the OTP Trading Participant Rights fee for a Floor Broker, Floor Broker Order Capture Device - Market Data Fees, Floor Booth fees, the Options Floor Access Fee, and Wire Services fees, as set forth in the table in the Fee Schedule.

⁶ See Fee Schedule, FB Prepay Program, Table titled “Qualifying Volume” and “Rebate per Billable Side”.

Billable Rebate Program would be paid is based on transactions including at least one side for which manual transaction fees are applicable and excludes QCCs.⁷

The Exchange proposes to modify the FB Prepay Program to offer participants an additional rebate based on combined QCC and manual billable volume. Specifically, the Exchange proposes to offer an additional rebate of (\$0.01) per manual billable side and an additional rebate of (\$0.01) per Non-Customer vs. Non-Customer QCC contract, if participants exceed the aggregate of QCC Tier 1 and QCC Tier 2 qualifications in combined manual billable and QCC billable contracts. Consistent with the current additional rebate, the proposed additional rebates would be retroactive to the first billable side. The Exchange proposes to describe the new rebates in proposed new rule text that would appear below the table titled “Qualifying Volume” and “Rebate per Billable Side” in the FB Prepay Program section of the Fee Schedule.

2. 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

⁷ The Exchange proposes to continue to exclude volume from QCC transactions from the calculation of eligible volume for rebates paid through the Manual Billable Rebate Program because Floor Brokers would be eligible for separate credits and rebates for QCC transactions.

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(4) and (5).

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 November 2025, the Exchange had 10.67% 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 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.

The proposed changes to the FB Prepay Program are designed to attract Floor Brokers that have not yet participated in the program. The FB Prepay Program continues to be designed

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 multiply-listed equity and ETF options decreased from 13.22% in November 2024 to 10.67% for the month of November 2025.

to encourage the role performed by Floor Brokers in facilitating the execution of orders via open outcry, a function which the Exchange wishes to support for the benefit of all market participants.

The Exchange believes that the proposed changes to the Manual Billable Rebate program are reasonable because they should continue to encourage Floor Brokers to participate in the FB Prepay Program, and to provide liquidity on the Exchange. In particular, the proposed additional rebates should incent OTP Holders to increase the number of manual - and QCC - transactions sent to the Exchange. Moreover, the new rebates should incent Floor Brokers to encourage OTP Holders to aggregate their executions at the Exchange as a primary execution venue. To the extent that the proposed change achieves its purpose of attracting more volume to the Exchange, this increased order flow would continue to make the Exchange a more competitive venue for order execution, thus improving market quality for all market participants.

The Exchange believes the proposed rule change is an equitable allocation of its fees and credits because the proposal is based on the amount and type of business transacted on the Exchange. Floor Brokers are not obligated to participate in the FB Prepay Program, and those who do can choose to execute manual billable volume and QCC transactions to earn the proposed rebates through the Manual Billable Rebate Program or not. In addition, the Manual Billable Rebate Program continues to be equally available to all Floor Brokers that participate in the FB Prepay Program.

The Exchange believes the proposed change is not unfairly discriminatory because it is based on the amount and type of business transacted on the Exchange. Floor Brokers are not obligated to execute manual billable or QCC transactions or participate in the FB Prepay Program, and the proposed rebates offered through the Manual Billable Rebate Program are

available to all Floor Brokers that participate in the FB Prepay Program on a non-discriminatory basis. The proposed changes are designed to encourage Floor Brokers to utilize the Exchange as a primary trading venue for all transactions (if they have not done so previously) and increase manual billable and QCC volume sent to the Exchange.

To the extent that the proposed continuation of (and modifications to) the FB Prepay Program and Manual Billable Rebate Program attract more manual transactions and QCCs to the Exchange, this increased order flow would continue to make the Exchange a more competitive venue for order execution. Thus, the Exchange believes the proposed rule change would improve market quality for all market participants on the Exchange and attract more order flow to the Exchange, thereby improving market-wide quality and price discovery. The resulting increased volume and liquidity would provide more trading opportunities and tighter spreads to all market participants and thus would promote just and equitable principles of trade, remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, protect investors and the public interest.

To the extent the proposed change continues to attract greater volume and liquidity, the Exchange believes the proposed change would improve the Exchange's overall competitiveness and strengthen its market quality for all market participants. In the backdrop of the competitive environment in which the Exchange operates, the proposed rule change is a reasonable attempt by the Exchange to increase the depth of its market and improve its market share relative to its competitors.

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.

B. 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 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 all market participants. As a result, the Exchange believes that the proposed changes further 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."¹³

Intramarket Competition. The proposed modifications to the FB Prepay Program, in particular the proposed additional rebates, would be available to all similarly-situated Floor Brokers that participate in the FB Prepay Program. The Exchange believes that the proposed change to adopt the additional rebates for Floor Brokers would encourage competition, including by attracting additional liquidity to the Exchange, which would continue to make the Exchange a more competitive venue for, among other things, order execution and price discovery. The Exchange does not believe that the proposed change would impair the ability of any market participants or competing order execution venues to maintain their competitive standing in the financial markets. To the extent that the continuation of the FB Prepay Program and the proposed additional credits imposes an additional competitive burden on non-Floor Brokers, the Exchange believes that any such burden would be appropriate because Floor Brokers serve an

¹³ See Reg NMS Adopting Release, supra note 10, at 37499.

important function in facilitating the execution of orders and price discovery for all 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.

In such an environment, the Exchange must continually adjust its fees and credits to remain competitive with other exchanges and to attract order flow to the Exchange. 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.¹⁴ Therefore, currently no exchange possesses significant pricing power in the execution of multiply-listed equity and ETF options order flow. More specifically, in November 2025, the Exchange had 10.67% market share of executed volume of multiply-listed equity and ETF options trades.¹⁵

The Exchange believes that the proposed changes reflect this competitive environment because they modify the Exchange's fees and rebates in a manner designed to continue to incent OTP Holders to direct trading interest (particularly manual transactions and QCC transactions) to the Exchange, to provide liquidity and to attract order flow. To the extent that Floor Brokers are encouraged to participate in the FB Prepay Program and/or incented to utilize the Exchange as a primary trading venue for all transactions, all of the Exchange's market participants should benefit from the improved market quality and increased opportunities for price improvement.

¹⁴ 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>.

¹⁵ 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 multiply-listed equity and ETF options decreased from 13.22% in October 2024 to 10.67% for the month of October 2025.

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

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change is effective upon filing pursuant to Section 19(b)(3)(A)¹⁶ of the Act and subparagraph (f)(2) of Rule 19b-4¹⁷ 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)¹⁸ of the Act to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number

¹⁶ 15 U.S.C. 78s(b)(3)(A).

¹⁷ 17 CFR 240.19b-4(f)(2).

¹⁸ 15 U.S.C. 78s(b)(2)(B).

SR-NYSEARCA-2026-03 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.

All submissions should refer to file number SR-NYSEARCA-2026-03. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>).

Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection.

All submissions should refer to file number SR-NYSEARCA-2026-03 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁹

Vanessa A. Countryman,

Secretary.

¹⁹ 17 CFR 200.30-3(a)(12).