

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-85248; File No. SR-NYSECHX-2019-01)

March 5, 2019

Self-Regulatory Organizations; NYSE Chicago, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend the Fee Schedule of the Exchange

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 February 21, 2019, the NYSE Chicago, Inc. (“NYSE Chicago” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II, and III 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 amend the fee schedule of the Exchange (“Fee Schedule”) to eliminate fees and rebates related to the Sub-second Non-displayed Auction Process (“SNAP”) and the outbound routing service. The proposed rule change is available on the Exchange’s website at www.nyse.com, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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 Exchange proposes to amend the Fee Schedule to eliminate all fees and rebates related to SNAP and the outbound routing service, which were both decommissioned on December 31, 2018.⁴ Specifically, the Exchange proposes the following amendments:

- Section E.6 (Routing Services Fees). Current Section E.6 provides fees for away executions resulting from orders routed away from the Exchange pursuant to the outbound routing service. Given that the outbound routing service has been decommissioned, the Exchange proposes to replace all text under Section E.6 with the term “Reserved.”
- Section E.8(c) (Order Cancellation Fee Exemption). Section E.8 provides the Order Cancellation Fee, which is assessed to Participants⁵ per trading account symbol. Paragraph (c) provides an exemption to the Order Cancellation Fee if a trading account symbol meets a minimum threshold of executions resulting from single-sided orders submitted to the Matching System⁶ (“eligible

⁴ See Exchange Act Release No. 84852 (December 19, 2018), 83 FR 66808 (December 27, 2018) (SR-CHX-2018-09).

⁵ See Article 1, Rule 1(z) of the rules of the Exchange defining “Participant.”

⁶ The Matching System is a “Trading Facility” of the Exchange as defined under Article 1, Rule 1(z) of the rules of the Exchange.

executions”). When the outbound routing service was operational, eligible executions included executions within the Matching System and at away markets (for orders that were routed away pursuant to the outbound routing service).⁷ However, given that the outbound routing service has been decommissioned, eligible executions now only include executions within the Matching System. Accordingly, the Exchange proposes to amend the definition of eligible executions to omit references to the Routing Services and a repetitive reference to executions within the Matching System.

Therefore, amended paragraph (c) would provide that eligible executions shall only include executions resulting from single-sided orders submitted to the Matching System.

- Section E.9 (SNAP Execution Fees). Current Section E.9 provides the fees for certain executions that resulted from SNAP auctions. Given that SNAP has been decommissioned, the Exchange proposes to delete Section E.9 in its entirety.
- Section Q (SNAP Incentive Program). Current Section Q provides the SNAP Incentive Program, which provided certain rebates to Participants that initiated SNAP auctions. Given that SNAP has been decommissioned, the Exchange proposes to delete Section Q in its entirety.

⁷ Only routable orders submitted to the Matching System were eligible to be routed away pursuant to the outbound routing service.

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 Section 6(b)(1) of the Act,⁹ in particular, in that it is designed to ensure that the Exchange is so organized and has the capacity to be able to carry out the purposes of this chapter and to comply, and to enforce compliance by its members and persons associated with its members, with the provisions of this chapter, the rules and regulations thereunder, and the rules of the Exchange. Specifically, since the proposed rule change eliminates obsolete fees and rebates, the proposed rule change would clarify and streamline the Fee Schedule and therefore enhance the ability of the Exchange to enforce compliance by its members and persons associated with its members with the rules of the Exchange.

In addition, the Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act, in general, and furthers the objectives of Section 6(b)(4) of the Act, in particular, in that it provides for the equitable allocation of reasonable dues, fees, and other charges among its members and issuers and other persons using its facilities. Specifically, since the elimination of the obsolete fees and rebates would apply to all members of the Exchange and the proposed rule change does not modify any other fees and rebates that have already been approved by the Commission, the proposed rule change ensures the equitable allocation of reasonable dues, fees, and other charges among its members.

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(1).

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Given that the proposed rule change deletes fees and rebates for functionality that has been decommissioned, the proposed rule change does not raise any competitive issues.

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)¹⁰ of the Act and subparagraph (f)(2) of Rule 19b-4¹¹ 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)¹² of the Act to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

¹⁰ 15 U.S.C. 78s(b)(3)(A).

¹¹ 17 CFR 240.19b-4(f)(2).

¹² 15 U.S.C. 78s(b)(2)(B).

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 (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NYSECHX-2019-01 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-NYSECHX-2019-01. This file number should be included on the subject line if e-mail 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 (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change.

Persons submitting comments are cautioned that we do not redact or edit personal identifying

information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NYSECHX-2019-01 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹³

Eduardo A. Aleman
Deputy Secretary

¹³ 17 CFR 200.30-3(a)(12).