

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 Chicago, Inc. (“NYSE Chicago” or the “Exchange”) proposes to amend the Fee Schedule of NYSE Chicago, Inc. (“Fee Schedule”) 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 Fee Schedule to amend the Exchange’s port fees that would be operative March 3, 2025. Specifically, the Exchange proposes a one-time adjustment to port fees that Participants³ use to connect to the Exchange to send quotes.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Pursuant to NYSE Chicago Article 1, Rule 1(s), the term “Participant” means any Participant Firm that

The Exchange currently makes ports available that provide connectivity to the Exchange's trading systems and charges \$400 per port per month. One port charge is assessed for each Participant connection to the Exchange. Under the current Fee Schedule, the Exchange does not assess a port charge when a Participant Firm accesses the Exchange through Brokerplex.⁴ With this proposal, the Exchange proposes to increase the current port fee by up to 13.85% on a one-time basis. As proposed, Participants would be charged \$455 per port per month.

The proposed port fee increase 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 amended its port fees since 2013⁵ where inflation has been roughly 13.85% since 2013 as measured using the metric described below. As such, the Exchange proposes to increase its port fee by up to 13.85% with respect to inflation that has occurred since 2013 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:

- Peak Rate by Millisecond: up approximately 31%
- Average Rate per Millisecond: up approximately 100%

holds a valid Trading Permit and any person associated with a Participant Firm who is registered with the Exchange under Articles 16 and 17 as a Market Maker Authorized Trader or Institutional Broker Representative, respectively. A Participant is considered a "member" of the Exchange for purposes of the Exchange Act. If a Participant is not a natural person, the Participant may also be referred to as a "Participant Firm," but unless the context requires otherwise, the term Participant shall refer to an individual Participant and/or a Participant Firm.

⁴ If a Participant Firm executes an average daily volume of 1 million or more provide shares during the month, the Exchange imposes a cap on port charges equal to the greatest number of ports attributable to that Participant Firm. Activity on days when the Exchange closes early are not counted when calculating a Participant Firm's average daily volume. See Fee Schedule.

⁵ The current \$400 per month port fee was initially adopted by the Chicago Stock Exchange, Inc. ("CHX") in 2006. See Securities Exchange Act Release No. 54657 (October 26, 2006), 71 FR 64590 (November 2, 2006) (SR-CHX-2006-29) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendment No. 1 Thereto Relating to Participant Fees and Credits). In 2013, CHX modified its port fees by lowering the threshold average daily volume of provide shares from five (5) million to one (1) million and to cap the port charges to the greatest number of ports attributable to a Participant Firm. See Securities Exchange Act Release No. 68657 (January 15, 2013), 78 FR 4180 (January 18, 2013) (SR-CHX-2012-19) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Alter Fee Schedule Relating to Port Charges).

- Average Rate per Second: up approximately 588%
- Peak Total Messages: up approximately 1638%
- Average Total Messages: up approximately 1367%
- Average Daily Volume: up approximately 40%

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 2013 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.⁶ 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.⁷ About 10,000 PPIs for individual products and groups of products are tracked and released each month.⁸ 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.⁹ According to the BLS “[t]he primary output of NAICS 518210 is the provision of electronic data processing services. In the broadest sense, computer

⁶ See <https://fred.stlouisfed.org/series/PCU51825182#0>.

⁷ See <https://www.bls.gov/ppi/overview.htm>.

⁸ *Id.*

⁹ NAICS appears in table 5 of the PPI Detailed Report and is available at <https://data.bls.gov/timeseries/PCU518210518210>.

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.”¹⁰

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 fee 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 January 2013 to January 2025. The Data PPI had a starting value of 102.800 in January 2013 and an ending value of 117.036 in January 2025, a 13.85% 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 13.85% during this period. Based on that percentage change, the Exchange proposes to make a one-time fee increase by up to 13.85% for ports, which reflects an increase covering the entire period since the last modification to the 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 individual calendar-year increases averaging 2.62%, and a cumulative increase of 71.53% during that same period.¹¹

¹⁰ See <https://www.bls.gov/ppi/factsheets/producer-price-index-for-the-data-processing-and-related-services-industry-naics-518210.htm>.

¹¹ See <https://www.usinflationcalculator.com/inflation/consumer-price-index-and-annual-percent-changes-from-1913-to-2008/>.

The Exchange believes the Data PPI, and significant investments into, and enhanced performance of, the Exchange support the reasonableness of the proposed fee increases.¹²

(b) Statutory Basis

The Exchange believes the proposed rule change is consistent with the provisions of Section 6 of the Act,¹³ in general, and Sections 6(b)(4) and 6(b)(5) of the Act,¹⁴ 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 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 ports has increased the performance of these port offerings.

The Proposed Rule Change Is Reasonable

As noted above, the Exchange has not modified its port fee since 2013 and has not increased the fee since 2006. However, in the years following the last fee modification, the Exchange has made significant investments in upgrades to its 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 2013 and 2025, the inflation rate averaged 3.16% per year, producing a cumulative inflation rate of 37.95%.¹⁵ Using the more targeted inflation number of Data PPI, the cumulative inflation rate was 13.85%. The Exchange believes the Data PPI is a 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 modified its port fee since 2013 and has not increased the fee since 2006 for the subject services. The proposed fee change therefore represents a modest increase from the current fee.

¹² 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).

¹³ 15 U.S.C. 78f(b).

¹⁴ 15 U.S.C. 78f(b)(4), (5).

¹⁵ See <https://www.officialdata.org/us/inflation/2019?endYear=2023&amount=1>.

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 ports.

The Proposed Fees Are Equitably Allocated and Not Unfairly Discriminatory

The Exchange believes that the proposed fee increase is equitably allocated and not unfairly discriminatory because it would apply to all Participants that utilize ports to connect to the Exchange. Participants 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 change is not unfairly discriminatory because the fee would be assessed uniformly across all Participants 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 fee does not put any market participants at a relative disadvantage compared to other market participants. As noted above, the Exchange would apply the proposed 13.85% increase to the ports to all Participants uniformly. Participants are the only market participants that are assessed a port fee because they are the only market participants that are permitted to submit 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 fee does not impose a burden on competition or on other SROs that is not necessary or appropriate. In determining the proposed fee, 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. The Exchange believes utilizing Data PPI, a tailored measure of inflation, to increase the port fee 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)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.

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 Nasdaq Stock Market LLC.¹⁹

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

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).

¹⁹ See Securities Exchange Act Release No. 102103 (January 3, 2025), 90 FR 2045 (January 10, 2025) (SR-NASDAQ-2024-087).

Not applicable.

11. Exhibits

Exhibit 1 – Form of Notice of Proposed Rule Change for Publication in the Federal Register

Exhibit 5 – Proposed Rule Change