

a.m. and 3 p.m. Copies of the filing also 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–BOX–2024–17 and should be submitted on or before August 7, 2024.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>15</sup>

**J. Matthew DeLesDernier,**  
Deputy Secretary.

[FR Doc. 2024–15675 Filed 7–16–24; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–100506; File No. SR–NYSEARCA–2024–58]

### Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend the NYSE Arca Equities Fees and Charges

July 11, 2024.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b–4 thereunder,<sup>2</sup> notice is hereby given that on July 1, 2024, NYSE Arca, Inc. (“NYSE Arca” or the “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. 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 NYSE Arca Equities Fees and Charges (“Fee Schedule”) to expand the application of providing an additional calculation for purposes of determining whether an ETP Holder qualifies for fees and credits that pertain to providing liquidity. The Exchange proposes to implement the fee change effective July 1, 2024. The proposed rule change is available on the Exchange’s website at [www.nyse.com](http://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 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 Statutory Basis for, the Proposed Rule Change

###### 1. Purpose

The Exchange proposes to amend the Fee Schedule to expand the application of providing an additional calculation for purposes of determining whether an ETP Holder qualifies for fees and credits that pertain to providing liquidity. More specifically, the proposed additional calculation would apply to the following pricing tier in Section VII. of the Fee Schedule: Tape B Tiers.<sup>3</sup> The Exchange proposes to implement the fee change effective July 1, 2024.

###### Background

The Exchange operates in a highly competitive 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.”<sup>4</sup>

While Regulation NMS has enhanced competition, it has also fostered a “fragmented” market structure where trading in a single stock can occur across multiple trading centers. When multiple trading centers compete for order flow in the same stock, the Commission has recognized that “such

competition can lead to the fragmentation of order flow in that stock.”<sup>5</sup> Indeed, equity trading is currently dispersed across 16 exchanges,<sup>6</sup> numerous alternative trading systems,<sup>7</sup> and broker-dealer internalizers and wholesalers, all competing for order flow. Based on publicly available information, no single exchange currently has more than 20% market share.<sup>8</sup> Therefore, no exchange possesses significant pricing power in the execution of equity order flow. More specifically, the Exchange currently has less than 12% market share of executed volume of equities trading.<sup>9</sup>

The Exchange believes that the ever-shifting market share among the exchanges from month to month demonstrates that market participants can move order flow, or discontinue or reduce use of certain categories of products. While it is not possible to know a firm’s reason for shifting order flow, the Exchange believes that one such reason is because of fee changes at any of the registered exchanges or non-exchange venues to which the firm routes order flow. Accordingly, competitive forces compel the Exchange to use exchange transaction fees and credits because market participants can readily trade on competing venues if they deem pricing levels at those other venues to be more favorable.

###### Proposed Rule Change

The Exchange currently provides ETP Holders with various tiered credits for executing orders that add liquidity to the Exchange and charges them various fees for executing orders that remove liquidity from the Exchange, as set forth in Section VII. of the Fee Schedule, titled “Tier Rates—Round Lots and Odd Lots. The fees and credits enumerated in Section VII. apply to all securities priced at \$1 or more that are executed on the Exchange. ETP Holders may qualify for tiers of discounted fees and premium credits based, in part, upon the volume of their activities on the Exchange as a percentage of total “Consolidated Average Daily Volume” or “CADV.”

<sup>5</sup> See Securities Exchange Act Release No. 61358, 75 FR 3594, 3597 (January 21, 2010) (File No. S7–02–10) (Concept Release on Equity Market Structure).

<sup>6</sup> See Cboe U.S. Equities Market Volume Summary, available at [https://markets.cboe.com/us/equities/market\\_share/](https://markets.cboe.com/us/equities/market_share/).

<sup>7</sup> See FINRA ATS Transparency Data, available at <https://otctransparency.finra.org/otctransparency/AtsIssueData>. A list of alternative trading systems registered with the Commission is available at <https://www.sec.gov/foia/docs/atlist.htm>.

<sup>8</sup> See Cboe Global Markets U.S. Equities Market Volume Summary, available at [http://markets.cboe.com/us/equities/market\\_share/](http://markets.cboe.com/us/equities/market_share/).

<sup>9</sup> See id.

<sup>15</sup> 17 CFR 200.30–3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b–4.

<sup>3</sup> Tape B Tiers refers to Tiers 1 through 3 and the Step Up tiers under the Tape B Tiers pricing tier table on the Fee Schedule.

<sup>4</sup> See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) (File No. S7–10–04) (Final Rule) (“Regulation NMS”).

Pursuant to Section I. of the Fee Schedule, the term “CADV” means, unless otherwise stated, the United States consolidated average daily volume of transactions reported to a securities information processor (“SIP”). Transactions that are not reported to a SIP are not included in the CADV. If CADV is preceded by a reference to a Tape or to Sub-Dollar, then CADV would refer to all consolidated average daily volume of transactions reported to a SIP for all securities in that Tape or to all Sub-Dollar securities. Per the Fee Schedule, trade activity on days when the market closes early and on the date of the annual reconstitution of the Russell Investment Indexes does not count toward volume tiers.<sup>10</sup> For purposes of determining trade related fees and credits based on CADV, the Exchange may exclude any day that (1) the Exchange is not open for the entire trading day and/or (2) a disruption affects an Exchange system that lasts for more than 60 minutes during regular trading hours.<sup>11</sup>

Generally, the ratio of consolidated volumes in securities priced at or above \$1 (“dollar plus volume”) relative to consolidated volumes inclusive of securities priced below a dollar is usually stable from month to month, such that “CADV” has been a reasonable baseline for determining tiered incentives for ETP Holders that execute dollar plus volume on the Exchange. However, there have been a few months where volumes in securities priced below a dollar (“sub-dollar volume”) have been elevated, thereby impacting the ratio mentioned above.

Anomalous rises in sub-dollar volume stand to have a material adverse impact on ETP Holders’ qualifications for pricing tiers/incentives because such qualifications depend upon ETP Holders achieving threshold percentages of volumes as a percentage of CADV, and an extraordinary rise in sub-dollar volume stands to elevate CADV. As a result, ETP Holders may find it more difficult, if not practically impossible, to qualify for or to continue to qualify for their existing incentives during months where there are such rises in sub-dollar volumes, even if their dollar plus volumes have not diminished relative to prior months.

The Exchange believes that it would be unfair for ETP Holders that execute significant dollar plus volumes on the Exchange to fail to achieve or to lose their existing incentives for such volumes due to anomalous behavior that is extraneous to them. To address the

anomalous activity in sub-dollar volume, the Exchange recently adopted an additional calculation methodology for purposes of determining whether an ETP Holder qualifies for fees and credits that pertain to providing liquidity for the following pricing tiers in Section VII. of the Fee Schedule: Adding Tiers, Limit Non-Display Step Up Tier and Tape C Tiers for Adding.<sup>12</sup> For those pricing tiers, the Exchange calculates an ETP Holder’s equity volume and total equity CADV twice. First, the Exchange calculates an ETP Holder’s equity volume and total equity CADV inclusive of volume that consists of executions in securities priced less than \$1. Second, the Exchange calculates an ETP Holder’s equity volume and total equity CADV exclusive of volume that consists of executions in securities priced less than \$1. The Exchange then assesses which of these two calculations would qualify the ETP Holder for the most advantageous fees and credits for the month and the Exchange then applies those to the ETP Holder.

The Exchange now proposes to expand the application of providing the additional calculation described above for purposes of determining whether an ETP Holder qualifies for fees and credits that pertain to providing liquidity under the Tape B Tiers pricing tier. With this proposed rule change, the Exchange is expanding the remedy so that it can efficiently allocate its limited resources for incentives while seeking to avoid extraordinary spikes in sub-dollar volumes from adversely affecting an ETP Holder’s qualification of incentives for their dollar plus stock executions.

The proposed expansion of providing an additional calculation of CADV is intended to limit the cost impact on the Exchange, while still providing some relief to ETP Holders in months with extraordinary spikes in sub-dollar volumes. It is appropriate for the Exchange to devote to incentive programs in a meaningful way and to reallocate these incentives periodically in a manner that best achieves the Exchange’s overall mix of objectives.

The proposed changes are not otherwise intended to address any other issues, and the Exchange is not aware of any significant problems that market participants would have in complying with the proposed changes.

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with

Section 6(b) of the Act,<sup>13</sup> in general, and furthers the objectives of Sections 6(b)(4) and (5) of the Act,<sup>14</sup> 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.

As discussed above, the Exchange operates in a highly fragmented and competitive market. The Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. Specifically, 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.”<sup>15</sup> As a threshold matter, the Exchange is subject to significant competitive forces in the market for equity securities transaction services that constrain its pricing determinations in that market.

Numerous indicia demonstrate the competitive nature of this market. For example, clear substitutes to the Exchange exist in the market for equity security transaction services. The Exchange is only one of several equity venues to which market participants may direct their order flow. Competing equity exchanges offer similar tiered pricing structures to that of the Exchange, including credits and fees that apply based upon members achieving certain volume thresholds. The Exchange believes that the ever-shifting market share among the exchanges from month to month demonstrates that market participants can shift order flow, or discontinue or reduce use of certain categories of products, in response to fee changes. Accordingly, the Exchange’s fees are reasonably constrained by competitive alternatives and market participants can readily trade on competing venues if they deem pricing levels at those other venues to be more favorable.

The Exchange believes that the proposal to amend the Fee Schedule is reasonable and equitable because, in its absence, ETP Holders may experience material adverse impacts on their ability to qualify for certain incentives during

<sup>13</sup> 15 U.S.C. 78f(b).

<sup>14</sup> 15 U.S.C. 78f(b)(4) and (5).

<sup>15</sup> See Regulation NMS, *supra* note 5, 70 FR at 37499.

<sup>10</sup> See Fee Schedule, Footnote 1.

<sup>11</sup> *Id.*

<sup>12</sup> See Securities Exchange Act Release No. 100350 (June 14, 2024), 89 FR 52153 (June 21, 2024) (SR-NYSEArca-2024-50).

a month with an anomalous rise in sub-dollar volumes. The Exchange does not wish to penalize ETP Holders that execute significant volumes on the Exchange due to anomalous and extraneous trading activities of a small number of firms in sub-dollar securities. The proposed rule would seek to provide a means for ETP Holders that provide liquidity to avoid such a penalty by determining whether calculating ETP Holder equity volume and total equity CADV to include or exclude sub-dollar volume would result in ETP Holders qualifying for the most advantageous fees and credits, and then applying the calculations that would result in the incentives for providing liquidity that are most advantageous to each ETP Holder. The Exchange believes it is reasonable to expand the application of the additional calculation to incentives that pertain to providing liquidity to additional pricing tiers because the pricing tiers that are the subject of this proposed rule change have also been impacted by anomalous spikes in sub-dollar volumes, and applying the additional calculation to the specified pricing tiers would alleviate burden on ETP Holders from being disadvantaged by trading over which it has little or no control. The Exchange believes that the proposed rule change is an equitable allocation and is not unfairly discriminatory because the Exchange does not intend for the proposal to advantage any particular ETP Holders and the Exchange will apply the additional calculation to all similarly situated ETP Holders.

On the backdrop of the competitive environment in which the Exchange currently operates, the proposed rule change is a reasonable attempt by the Exchange to maintain, if not improve its market share relative to its competitors.

Finally, the submission of orders to the Exchange is optional for ETP Holders in that they could choose whether to submit orders to the Exchange and, if they do, the extent of its activity in this regard. The Exchange believes that it is subject to significant competitive forces, as described below in the Exchange's statement regarding the burden on competition.

For the foregoing reasons, the Exchange believes that the proposal is consistent with the Act.

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

In accordance with Section 6(b)(8) of the Act,<sup>16</sup> the Exchange believes that the proposed rule change would not impose

any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

*Intramarket Competition.* The Exchange does not believe that its proposal would place any category of Exchange participant at a competitive disadvantage. The Exchange intends for its proposed changes to the fees and credits to reallocate its limited resources more efficiently and to align them with the Exchange's overall mix of objectives. The proposed rule change is intended to help avoid pricing disadvantages due to anomalous spikes in sub-dollar volumes and is not intended to provide a competitive advantage to any one particular ETP Holder. The additional calculation would be available to all similarly-situated market participants, and, as such, the proposed change would not impose a disparate burden on competition among market participants on the Exchange.

*Intermarket Competition.* The Exchange operates in a highly competitive market in which market participants can readily choose to send their orders to other exchanges and off-exchange venues if they deem fee levels at those other venues to be more favorable. As noted above, the Exchange's market share of intraday trading (*i.e.*, excluding auctions) is currently less than 12%. In such an environment, the Exchange must continually review, and consider adjusting its fees and credits to remain competitive with other exchanges and with off-exchange venues. Because competitors are free to modify their own fees and credits in response, the Exchange does not believe its proposed fee change can impose any burden on intermarket competition.

The Exchange believes that the proposed change could promote competition between the Exchange and other execution venues, including those that currently offer comparable transaction pricing, by encouraging additional orders to be sent to the Exchange for execution.

#### *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 has become effective upon filing pursuant to Section

19(b)(3)(A)<sup>17</sup> of the Act and paragraph (f) thereunder. At any time within 60 days of the filing of the 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.

#### **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](mailto:rule-comments@sec.gov). Please include file number SR-NYSEARCA-2024-58 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-2024-58. 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 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. Do not include personal identifiable information in submissions; you should submit only information that you wish to make

<sup>16</sup> 15 U.S.C. 78f(b)(8).

<sup>17</sup> 15 U.S.C. 78s(b)(3)(A).

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-2024-58, and should be submitted on or before August 7, 2024.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>18</sup>

**J. Matthew DeLesDernier,**

*Deputy Secretary.*

[FR Doc. 2024-15676 Filed 7-16-24; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-100501; File No. SR-CboeEDGX-2024-042]

### Self-Regulatory Organizations; Cboe EDGX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Its Fees Schedule

July 11, 2024.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on July 1, 2024, Cboe EDGX Exchange, Inc. (“Exchange” or “EDGX”) filed with the Securities and Exchange Commission (“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

Cboe EDGX Exchange, Inc. (the “Exchange” or “EDGX”) proposes to amend its Fees Schedule. The text of the proposed rule change is provided in Exhibit 5.

The text of the proposed rule change is also available on the Exchange’s website ([http://markets.cboe.com/us/options/regulation/rule\\_filings/edgx/](http://markets.cboe.com/us/options/regulation/rule_filings/edgx/)), at the Exchange’s Office of the Secretary, 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 Exchange included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of these 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 aspects of such statements.

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

###### 1. Purpose

The Exchange proposes to amend its Fees Schedule, effective July 1, 2024. The Exchange first notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or incentives to be insufficient. More specifically, the Exchange is only one of 17 options venues to which market participants may direct their order flow. Based on publicly available information, no single options exchange has more than 15% of the market share.<sup>3</sup> Thus, in such a low-concentrated and highly competitive market, no single options exchange, including the Exchange, possesses significant pricing power in the execution of option order flow. The Exchange believes that the ever-shifting market share among the exchanges from month to month demonstrates that market participants can shift order flow or discontinue to reduce use of certain categories of products, in response to fee changes. Accordingly, competitive forces constrain the Exchange’s transaction fees, and market participants can readily trade on competing venues if they deem pricing levels at those other venues to be more favorable.

The Exchange’s Fees Schedule sets forth standard rebates and rates applied per contract. For example, the Exchange provides standard rebates ranging from \$0.01 up to \$0.22 per contract for Customer orders in Penny and Non-Penny Securities. The Fee Codes and Associated Fees section of the Fees Schedule also provides for certain fee codes associated with certain order

types and market participants that provide for various other fees or rebates. For example, the Exchange provides a rebate of \$0.01 per contract for Customer orders that remove liquidity, in Non-Penny Securities, yielding fee code NC; provides a rebate of \$0.01 per contract for Customer orders that remove liquidity, in Penny Securities, yielding fee code PC; and provides a rebate of \$0.01 per contract for Customer (contra Non-Customer) orders that add liquidity, yielding fee code CA.

###### Customer Volume Tiers

The Exchange proposes to amend Footnote 1 (Customer Volume Tiers), applicable to orders yielding fee codes PC, NC, and CA.<sup>4</sup> Pursuant to Footnote 1 of the Fee Schedule, the Exchange currently offers five Customer Volume Tiers that provide rebates between \$0.10 and \$0.22 per contract for qualifying customer orders yielding fee codes PC, NC and CA where a Member meets required criteria. The Exchange proposes to amend this Customer Volume Tier program to add a new Customer Volume Tier, specifically a Customer Cross-Asset Tier, which requires participation on the Exchange’s equities platform (“EDGX Equities”). Under the proposed tier, the Exchange would provide a rebate of \$0.18 per contract if a Member has (1) an ADV in Customer orders of  $\geq 1.75\%$  of average OCV; (2) an ADAV in Simple Customer Non-Crossing orders yielding fee code CA  $\geq 0.55\%$  of average OCV; (3) an ADV in Firm orders  $\geq 0.20\%$  of average OCV; and (4) has on EDGX Equities an ADAV  $\geq 0.45\%$  of average TCV.<sup>5</sup>

The Exchange believes that the proposed changes to the Customer Volume Tier program are designed overall to incentivize more Customer order flow and to direct an increase of order flow to the EDGX Options Order Book. The Exchange believes that an increase in Customer order flow and overall order flow to the Exchange’s Book creates more trading opportunities, which, in turn attracts Market Makers. A resulting increase in Market Maker activity may facilitate tighter spreads, which may lead to an additional increase of order flow from

<sup>4</sup> As part of the proposed rule change, the Exchange proposes to amend “Required Criteria” language in Tiers 3, 4, and 5 to conform to new proposed language in Tier 6 and list “yielding fee code CA” directly within the requirements (rather than in a parenthetical).

<sup>5</sup> The Exchange notes that the Fee Codes and Associated Fees table already includes a reference to a rebate of \$0.18 for fee codes PC and NC (as such amount is also offered under Tier 4 of the Customer Volume Tiers) and as such, no further updates are required with respect to the Fee Codes and Associated Fees table.

<sup>18</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Cboe Global Markets U.S. Options Market Monthly Volume Summary (June 26, 2024), available at [https://markets.cboe.com/us/options/market\\_statistics/](https://markets.cboe.com/us/options/market_statistics/).