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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No. * SR 2024 - * 116

Amendment No. (req. for Amendments *)

Filing by NYSE Arca, Inc.

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
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Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	Rule		
			<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input checked="" type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010
Section 806(e)(1) *

Section 806(e)(2) *

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 3C(b)(2) *

Exhibit 2 Sent As Paper Document

Exhibit 3 Sent As Paper Document

Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Proposal to amend the NYSE Arca Equities Fees and Charges

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Samir Last Name * Patel
Title * Senior Counsel, NYSE Group Inc.
E-mail * Samir.Patel@ice.com
Telephone * (212) 656-2030 Fax (212) 656-8101

Signature

Pursuant to the requirements of the Securities Exchange of 1934, NYSE Arca, Inc. has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date 12/20/2024 (Title *)
By Martha Redding Corporate Secretary
(Name *)

NOTE: Clicking the signature block at right will initiate digitally signing the form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

Martha Redding
Digitally signed by Martha Redding
Date: 2024.12.20 13:38:03 -05'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EDFS website.

Form 19b-4 Information *

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NYSE Arca -January Fee Changes - 1

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

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Ex. 1 NYSE Arca -January Fee Chang

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A - Notice of Proposed Rule Change, Security-Based Swap Submission, or Advanced Notice by Clearing Agencies *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2- Notices, Written Comments, Transcripts, Other Communications

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Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

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Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit Sent As Paper Document

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

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NYSE Arca -January Fee Changes - E

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

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 Arca, Inc. (“NYSE Arca” or the “Exchange”) proposes to amend the NYSE Arca Equities Fees and Charges (“Fee Schedule”) by introducing new Tier 6 under the Adding Tiers pricing table and adopt Tiers 1, 2 and 3 under the new Sub-Dollar Adding Tiers pricing table.

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 rule change are complete.

The person on the Exchange staff prepared to respond to questions and comments on the proposed rule change is:

Samir Patel
Senior Counsel
NYSE Group, Inc.
(212) 656-2030

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 the Fee Schedule by introducing new Tier 6 under the Adding Tiers pricing table applicable to securities with a per share price \$1.00 or above, and adopt Tiers 1, 2 and 3 under the new Sub-Dollar Adding Tiers pricing table applicable to securities with a per share price below \$1.00

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

(“Sub-Dollar Securities”).

The Exchange proposes to implement the fee changes effective January 2, 2025.

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.”³

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.”⁴ Indeed, equity trading is currently dispersed across 16 exchanges,⁵ numerous alternative trading systems,⁶ 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.⁷ 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.⁸

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

³ 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”).

⁴ 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).

⁵ See Cboe U.S. Equities Market Volume Summary, available at https://markets.cboe.com/us/equities/market_share. See generally <https://www.sec.gov/fast-answers/divisionsmarketregmrexchangesshtml.html>.

⁶ 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>.

⁷ See Cboe Global Markets U.S. Equities Market Volume Summary, available at http://markets.cboe.com/us/equities/market_share/.

⁸ See *id.*

that one such reason is because of fee changes at any of the registered exchanges or non-exchange venues to which a firm routes order flow. Accordingly, competitive forces constrain 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

Adding Tiers - Tier 6

The Exchange proposes to introduce a new pricing tier, Tier 6, in the Adding Tiers table under Section VII. Tier Rates - Round Lots and Odd Lots (Per Share Price \$1.00 or Above). As proposed, an ETP Holder could qualify for a credit of \$0.0030 per share for Adding in Tape A securities, \$0.0034 per share for Adding in Tape B securities and \$0.0033 per share for Adding in Tape C securities if the ETP Holder meets the following criteria: (i) has Adding ADV that is equal to at least 0.60% of CADV, (ii) has Adding ADV that is equal to at least 1.50% of Tape B, and (iii) has combined Adding and Removing that is equal to at least 1.0% of CADV.⁹

Under the Adding Tiers pricing table, footnote * currently provides that ETP Holders that qualify for Tier 1, Tier 2, Tier 3 and Tier 4 and that also have combined Adding and Removing of 1.0% of CADV receive a minimum credit of \$0.0030 per share for Adding in Tape A, Tape B and Tape C securities. The Exchange proposes to amend footnote * to allow ETP Holders that qualify for proposed new Tier 6 to also qualify for the minimum credit enumerated in footnote *.

Additionally, under the Adding Tiers pricing table, ETP Holders that currently qualify for Tier 1, Tier 2, Tier 3 and Tier 4 are subject to the following lower fees: \$0.0030 per share for Routing, \$0.0029 per share for Removing in Tape B securities, and \$0.0010 per share for Closing Orders.¹⁰ The Exchange proposes to amend the preamble to these fees in the pricing table by adding reference to proposed new Tier 6 so that such fees would also apply to ETP Holders that qualify for the proposed new pricing tier.

Finally, the Exchange proposes to adopt a cap applicable to the new Tier 6 credit in Tape B securities, as provided in new footnote **. As proposed, ETP Holders that qualify for proposed new Tier 6 would not receive any additional incremental

⁹ 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. See Fee Schedule, Section I. Definitions.

¹⁰ See Fee Schedule.

Tape B Tier credits for adding displayed liquidity, including any incremental credits associated with Less Active ETP Securities.

The Exchange believes that the proposed new pricing tier would incentivize ETP Holders to route their liquidity-providing order flow to the Exchange in order to qualify for the tier, which would provide higher credits than those currently available under Standard Rates. This in turn would support the quality of price discovery on the Exchange. The Exchange believes that by correlating the amount of the credit to the level of orders sent by an ETP Holder that add liquidity, the Exchange's fee structure should incentivize ETP Holders to submit more orders that add liquidity to the Exchange, thereby increasing the potential for price improvement to incoming marketable orders submitted to the Exchange.

The Exchange believes that, although it is proposing to limit the financial incentive for orders that provide displayed liquidity in Tape B securities, the proposed rebate of \$0.0034 per share, is among one of the higher credits paid by the Exchange and should serve as an incentive for ETP Holders to direct liquidity-providing orders to the Exchange.

As noted above, the Exchange operates in a competitive environment, particularly as it relates to attracting non-marketable orders, which add liquidity to the Exchange. The Exchange does not know how much order flow ETP Holders choose to route to other exchanges or to off-exchange venues. Based on the profile of liquidity-adding firms generally, the Exchange believes that a number of ETP Holders could qualify for the proposed new pricing tier if they choose to direct their order flow to the Exchange. However, without having a view of ETP Holders' activity on other exchanges and off-exchange venues, the Exchange has no way of knowing whether this proposed rule change would result in any additional ETP Holders directing orders to the Exchange in order to qualify for the new Tier 6 credits.

Sub-Dollar Adding Tiers

The Exchange proposes to adopt a new volume-based pricing tier titled Sub-Dollar Adding Tiers under Section VIII. Tier Rates - Round Lots and Odd Lots (Per Share Price Below \$1.00), under which the Exchange would provide an enhanced rebate for execution of orders in Sub-Dollar Securities that add liquidity to the Exchange (“Adding Sub-Dollar Orders”).

In order to provide an incentive for ETP Holders to direct increased liquidity in Sub-Dollar Securities, the Exchange proposes to adopt three new pricing tiers under the proposed Sub-Dollar Adding Tiers pricing table where the credits increase in the various tiers based on increased levels of volume directed to the Exchange.

Specifically, under proposed new Tier 3, the Exchange would provide ETP

Holders with a credit of 0.075% of the total dollar value of the transaction for executions of Adding Sub-Dollar Orders that qualify for such tier by achieving an ADV that is equal to at least 1.75% of CADV in Sub-Dollar Securities. Under proposed new Tier 2, the Exchange would provide ETP Holders with a credit of 0.10% of the total dollar value of the transaction for executions of Adding Sub-Dollar Orders that qualify for such tier by achieving an ADV that is equal to at least 2.00% of CADV in Sub-Dollar Securities. Finally, under proposed Tier 1, the Exchange would provide ETP Holders with a credit of 0.150% of the total dollar value of the transaction for executions of Adding Sub-Dollar Orders that qualify for such tier by achieving an ADV that is equal to at least 2.25% of CADV in Sub-Dollar Securities. The Exchange also proposes an alternative requirement for ETP Holders to qualify for the proposed new Tier 1 credit. As proposed, the Exchange would provide ETP Holders with a credit of 0.150% of the total dollar value of the transaction if an OTP Holder or OTP Firm affiliated with the ETP Holder provides an ADV of electronic posted Customer and Professional Customer volume on NYSE Arca Options of at least 3.0% of TCADV.¹¹

The purpose of this proposed rule change is to incentivize ETP Holders to direct a greater number of orders in Sub-Dollar Securities to the Exchange. The Exchange believes that the proposed Sub-Dollar Adding Tiers provides an incremental incentive for ETP Holders to strive for higher adding volume on the Exchange in order to receive the proposed enhanced rebate for executions of Adding Sub-Dollar Orders. As such, the proposed Sub-Dollar Adding Tiers are designed to incentivize ETP Holders that provide liquidity on the Exchange to increase their liquidity-providing orders in order to qualify for the enhanced rebate for executions of Adding Sub-Dollar Orders, which, in turn, the Exchange believes would also encourage the submission by qualifying ETP Holders of additional Adding Sub-Dollar Orders to the Exchange, thereby promoting price discovery and contributing to a deeper and more liquid market, including with respect to Sub-Dollar Securities. The Exchange believes that this resulting additional liquidity-adding volume, including in the form of adding volume in Sub-Dollar Securities, would contribute to a more robust and well-balanced market ecosystem on the Exchange to the benefit of all ETP Holders and market participants and, in turn, enhance the attractiveness of the Exchange as a trading venue. The Exchange notes that the proposed new Sub-Dollar Adding Tiers are comparable to other volume-based incentives and discounts, which have been widely adopted by exchanges (including the Exchange), including pricing incentives that provide an enhanced rebate for executions of liquidity-adding orders in Sub-Dollar Securities for firms that achieve a specified volume threshold that have been adopted by other exchanges.¹²

¹¹ TCADV means total Customer equity and ETF option ADV as reported by The Options Clearing Corporation (OCC). See Fee Schedule, Section I. Definitions.

¹² See, e.g., the NYSE Arca Equities Fees and Charges (available at https://www.nyse.com/publicdocs/nyse/markets/nysearca/NYSE_Arca_Marketplace_Fees.pdf),

The proposed rule change is intended to encourage greater participation from ETP Holders, including ETP Holders that are affiliated with OTP Holders or OTP Firms, while also promoting liquidity in Sub-Dollar Securities and trading on the Exchange's options platform.

The Exchange believes that the proposal would create an added incentive for ETP Holders to bring additional order flow to a public market while also providing an alternative method for ETP Holders to qualify for the proposed new pricing tier. The Exchange further believes that providing credits to ETP Holders that are affiliated with an OTP Holder or OTP Firm could lead to increased trading on the Exchange's equities and options markets.¹³

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.

(b) Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,¹⁴ in general, and furthers the objectives of Sections 6(b)(4) and (5) of the Act,¹⁵ 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

which reflects a standard credit of 0.0% of the total dollar value for executions of securities priced below \$1.00 per share, as well as the "Sub-Dollar Adding Step Up Tier" pricing structure under which the Exchange provides higher credits (ranging from 0.05% to 0.15% of the total dollar value) for executions of orders in Sub-Dollar Securities for ETP Holders that qualify for any such tier by achieving certain specified volume thresholds. See also MEMX Equities Fee Schedule (available at <https://info.memxtrading.com/equities-trading-resources/us-equities-fee-schedule/>), which reflects a credit of 0.15% of total dollar volume if a Member has a Sub-Dollar ADAV that is equal to or greater than 5,000,000 shares.

¹³ There are currently 56 firms that are both ETP Holders and OTP Holders.

¹⁴ 15 U.S.C. 78f(b).

¹⁵ 15 U.S.C. 78f(b)(4) and (5).

broader forms that are most important to investors and listed companies.”¹⁶

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. With respect to non-marketable orders which provide liquidity on an Exchange, ETP Holders can choose from any one of the 16 currently operating registered exchanges to route such order flow. Accordingly, competitive forces reasonably constrain exchange transaction fees and credits that relate to orders that would provide and remove liquidity on an exchange. Stated otherwise, changes to exchange transaction fees and credits can have a direct effect on the ability of an exchange to compete for order flow.

Given this competitive environment, the proposal represents a reasonable attempt to attract additional order flow to the Exchange.

Adding Tiers - Tier 6

The Exchange believes that the proposed new Tier 6 pricing tier is reasonable because it is designed to encourage increased trading activity on the Exchange. The Exchange believes it is reasonable to require ETP Holders to meet the applicable volume threshold as it offers liquidity providers an opportunity to receive an enhanced rebate. Further, the proposed new pricing tier is reasonable as it would provide ETP Holders an additional opportunity to qualify for a rebate by meeting volume threshold that is distinct and varied than that required to qualify for the current pricing tiers under Adding Tiers. The Exchange believes that the proposal represents a reasonable effort to promote price improvement and enhanced order execution opportunities for ETP Holders. All ETP Holders would benefit from the greater amounts of liquidity on the Exchange, which would represent a wider range of execution opportunities. The Exchange believes the proposed new Tier 6 pricing tier is a reasonable means to encourage ETP Holders to increase their liquidity providing orders in Tape A, Tape B and Tape C securities.

The Exchange believes the proposed rule change to cap the credit applicable to the proposed new Tier 6 in Tape B securities is reasonable because the current credit is among the highest paid by the Exchange, and the Exchange believes the level of the proposed rebate would encourage ETP Holders to submit additional liquidity to a national securities exchange. Submission of additional liquidity to the Exchange would promote price discovery and transparency and enhance order execution opportunities for ETP Holders from the substantial amounts of liquidity present on the Exchange. All ETP Holders would benefit from the greater

¹⁶

See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005).

amounts of liquidity that will be present on the Exchange, which would provide greater execution opportunities.

The Exchange believes that the proposed rule change to introduce the new pricing tier is equitable and not unfairly discriminatory. The Exchange believes that the proposal does not permit unfair discrimination because the proposed new pricing tier would be available to all similarly situated ETP Holders and all ETP Holders would be subject to the same requirement to qualify for the proposed new credit. Accordingly, no ETP Holder already operating on the Exchange would be disadvantaged by the proposed allocation of fees and credits under the proposal. The Exchange further believes that the proposed fee change would not permit unfair discrimination among ETP Holders because the general and tiered rates are available equally to all ETP Holders. As noted above, the Exchange operates in a highly competitive environment, particularly for attracting order flow that provides liquidity on an exchange. More specifically, the Exchange notes that greater add volume order flow may provide for deeper, more liquid markets and execution opportunities at improved prices, which the Exchange believes would incentivize liquidity providers to submit additional liquidity and enhance execution opportunities.

Sub-Dollar Adding Tiers

The Exchange believes the proposed Sub-Dollar Adding Tiers are a reasonable means to incentivize ETP Holders to direct more of their adding liquidity to the Exchange. The Exchange believes the proposed credits associated with the new pricing tiers would encourage greater participation from ETP Holders, which could result in increased execution of orders in Sub-Dollar Securities on the Exchange. The proposed new pricing tier would create an added financial incentive for ETP Holders to bring additional order flow in Sub-Dollar Securities to a public market.

The Exchange believes it is reasonable to adopt the proposed Sub-Dollar Adding Tiers pricing table because the proposed credits associated with the new pricing tiers, in particular Tier 1, would also encourage greater participation on NYSE Arca Options by OTP Holders or OTP Firms affiliated with ETP Holders. The Exchange believes that the proposed new Tier 1 is also reasonable because the proposed pricing tier directly relates to the activity of an ETP Holder and the activity of an affiliated OTP Holder or OTP Firm on NYSE Arca Options, thereby encouraging increased trading activity on both the NYSE Arca equity and option markets. In this regard, the proposal is designed to bring additional posted order flow to NYSE Arca Options, so as to provide additional opportunities for all OTP Holders and OTP Firms to trade on NYSE Arca Options. Additionally, ETP Holders that are not affiliated with an NYSE Arca Options OTP Holder or OTP Firm are still eligible for credits by meeting the prescribed criteria that does not require trading on NYSE Arca Options.

The proposed rule change to adopt the new Sub-Dollar Adding Tiers pricing tier is reasonable as it would allow ETP Holders with additional opportunities to qualify for credits for their activity in Sub-Dollar Securities and may lead to increased participation by ETP Holders on the Exchange and by affiliated OTP Holders or OTP Firms on NYSE Arca Options. Such increased participation would result in increased liquidity which in turn would support the quality of price discovery and would promote market transparency as such orders would be sent to a national securities exchange rather than to off-exchange venues. Moreover, the addition of liquidity would benefit market participants whose increased order flow would provide meaningful added levels of liquidity thereby contributing to the depth and market quality on the Exchange.

The Exchange believes that the proposed adoption of the Sub-Dollar Adding Tiers pricing tier is equitable and not unfairly discriminatory. The proposed new pricing tiers are intended to provide ETP Holders an incentive to send a greater number of orders in Sub-Dollar Securities to the Exchange in order to earn a credit for such orders when posting liquidity on the Exchange, thereby increasing the number of orders that are executed on the Exchange, promoting price discovery and transparency and enhancing order execution opportunities and improving overall liquidity on a public exchange. The Exchange also believes the proposed Sub-Dollar Adding Tiers pricing table is equitable and not unfairly discriminatory because it would be available to all ETP Holders on an equal basis. The Exchange does not believe that it is unfairly discriminatory to offer enhanced credits to ETP Holders as these participants would be subject to meeting each tier's prescribed volume requirement.

Moreover, the proposal neither targets nor will it have a disparate impact on any particular category of market participant. The Exchange believes that the proposed rule change would incentivize ETP Holders to direct a greater number of orders in Sub-Dollar Securities to a public exchange to qualify for the proposed credits, thereby promoting price discovery and transparency and enhancing order execution opportunities for ETP Holders.

The Exchange believes the proposed new pricing tiers are a reasonable means to encourage ETP Holders to increase their activity on the Exchange and the participation of their affiliated OTP Holder or OTP Firm on NYSE Arca Options. Increased liquidity benefits all investors by deepening the Exchange's liquidity pool, supporting the quality of price discovery, promoting market transparency and improving investor protection.

As noted above, the Exchange operates in a highly competitive environment, particularly for attracting order flow that provides liquidity on an exchange. More specifically, the Exchange notes that greater order flow in both equities and options may provide for deeper, more liquid markets and execution opportunities at improved prices, which the Exchange believes would incentivize liquidity providers to submit additional liquidity and enhance execution opportunities.

Such increased participation would result in increased liquidity which in turn would support the quality of price discovery and would promote market transparency as such orders would be sent to a national securities exchange rather than to off-exchange venues. Moreover, the addition of liquidity would benefit market participants whose increased order flow would provide meaningful added levels of liquidity thereby contributing to the depth and market quality on the Exchange.

The Exchange also notes that the proposed rule change will not adversely impact any ETP Holder's pricing or its ability to qualify for other fees and credits for trading in Sub-Dollar Securities. Rather, should an ETP Holder not meet the requirement under the proposed new pricing tiers, the ETP Holder will merely not receive the corresponding rebate.

On the backdrop of the competitive environment in which the Exchange currently operates, the proposed rule change is a reasonable attempt to increase liquidity on the Exchange and improve the Exchange's market share relative to its competitors.

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

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

In accordance with Section 6(b)(8) of the Act,¹⁷ 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. Instead, as discussed above, the Exchange believes that the proposed changes 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 ETP Holders. 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."¹⁸

Intramarket Competition. The Exchange believes the proposed amendments to its Fee Schedule would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposed change represents a significant departure from previous pricing offered by the Exchange or its competitors. The proposed changes are designed to attract additional order flow to the Exchange. In this proposed rule change, the Exchange is adopting new pricing tiers to incentivize greater order

¹⁷ 15 U.S.C. 78f(b)(8).

¹⁸ See Regulation NMS, 70 FR at 37498-99.

flow that adds liquidity to the Exchange. Thus, the proposed change provides another opportunity for ETP Holders to receive a credit based on their market-improving behavior and is reflective of the highly competitive market in which the Exchange operates. The proposed rule change is also designed to attract liquidity-providing orders in Sub-Dollar Securities to the Exchange and greater participation on NYSE Arca Options. The Exchange believes that the proposed change would incentivize market participants to direct their orders in Sub-Dollar Securities to a public market and trade increasingly on the Exchange's options platform. Greater overall order flow, trading opportunities, and pricing transparency would benefit all market participants on the Exchange by enhancing market quality and would continue to encourage ETP Holders to send their orders to the Exchange, thereby contributing towards a robust and well-balanced market ecosystem. The proposed credits would be available to all similarly situated market participants, and, as such, the proposed rule change would not impose a disparate burden on competition among market participants on the Exchange. Additionally, the proposed change would apply to all ETP Holders equally in that all ETP Holders would have a reasonable opportunity to meet the volume requirement to qualify for the proposed credits.

Intermarket Competition. The Exchange operates in a highly competitive market in which market participants can readily choose to send their orders to other exchange 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 adjust its fees and rebates to remain competitive with other exchanges and with off-exchange venues. Because competitors are free to modify their own fees and credits in response, and because market participants may readily adjust their order routing practices, the Exchange does not believe its proposed fee changes imposes any burden on intermarket competition.

The Exchange believes that the proposed fee changes may promote competition between the Exchange and other execution venues, including those that currently offer similar order types and comparable transaction pricing, by encouraging additional orders to be sent to the Exchange for execution.

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 Act¹⁹ and subparagraph (f)(2) of Rule 19b-4²⁰ 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.²¹

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.

11. Exhibits

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

Exhibit 5 – Text of the Proposed Rule Change

¹⁹ 15 U.S.C. 78s(b)(3)(A)(ii).

²⁰ 17 CFR 240.19b-4(f)(2).

²¹ 15 U.S.C. 78s(b)(2)(B).

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-NYSEARCA-2024-116)

[Date]

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

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 December 20, 2024, 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, 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 NYSE Arca Equities Fees and Charges (“Fee Schedule”) by introducing new Tier 6 under the Adding Tiers pricing table and adopt Tiers 1, 2 and 3 under the new Sub-Dollar Adding Tiers pricing table. 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

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend the Fee Schedule by introducing new Tier 6 under the Adding Tiers pricing table applicable to securities with a per share price \$1.00 or above, and adopt Tiers 1, 2 and 3 under the new Sub-Dollar Adding Tiers pricing table applicable to securities with a per share price below \$1.00 (“Sub-Dollar Securities”).

The Exchange proposes to implement the fee changes effective January 2, 2025.

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.”⁴

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

⁴ 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”).

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.”⁵ Indeed, equity trading is currently dispersed across 16 exchanges,⁶ numerous alternative trading systems,⁷ 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.⁸ 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.⁹

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 a firm routes order flow. Accordingly, competitive forces constrain 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.

⁵ 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).

⁶ See Cboe U.S Equities Market Volume Summary, available at https://markets.cboe.com/us/equities/market_share. See generally <https://www.sec.gov/fast-answers/divisionsmarketregmrexchangesshtml.html>.

⁷ 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>.

⁸ See Cboe Global Markets U.S. Equities Market Volume Summary, available at http://markets.cboe.com/us/equities/market_share/.

⁹ See *id.*

Proposed Rule Change*Adding Tiers - Tier 6*

The Exchange proposes to introduce a new pricing tier, Tier 6, in the Adding Tiers table under Section VII. Tier Rates - Round Lots and Odd Lots (Per Share Price \$1.00 or Above). As proposed, an ETP Holder could qualify for a credit of \$0.0030 per share for Adding in Tape A securities, \$0.0034 per share for Adding in Tape B securities and \$0.0033 per share for Adding in Tape C securities if the ETP Holder meets the following criteria: (i) has Adding ADV that is equal to at least 0.60% of CADV, (ii) has Adding ADV that is equal to at least 1.50% of Tape B, and (iii) has combined Adding and Removing that is equal to at least 1.0% of CADV.¹⁰

Under the Adding Tiers pricing table, footnote * currently provides that ETP Holders that qualify for Tier 1, Tier 2, Tier 3 and Tier 4 and that also have combined Adding and Removing of 1.0% of CADV receive a minimum credit of \$0.0030 per share for Adding in Tape A, Tape B and Tape C securities. The Exchange proposes to amend footnote * to allow ETP Holders that qualify for proposed new Tier 6 to also qualify for the minimum credit enumerated in footnote *.

Additionally, under the Adding Tiers pricing table, ETP Holders that currently qualify for Tier 1, Tier 2, Tier 3 and Tier 4 are subject to the following lower fees: \$0.0030 per share for Routing, \$0.0029 per share for Removing in Tape B securities, and \$0.0010 per share for Closing Orders.¹¹ The Exchange proposes to amend the preamble to these fees in the pricing table by adding reference to proposed new Tier 6 so that such fees would also apply to ETP Holders that qualify for the proposed new pricing tier.

¹⁰ 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. See Fee Schedule, Section I. Definitions.

¹¹ See Fee Schedule.

Finally, the Exchange proposes to adopt a cap applicable to the new Tier 6 credit in Tape B securities, as provided in new footnote **. As proposed, ETP Holders that qualify for proposed new Tier 6 would not receive any additional incremental Tape B Tier credits for adding displayed liquidity, including any incremental credits associated with Less Active ETP Securities.

The Exchange believes that the proposed new pricing tier would incentivize ETP Holders to route their liquidity-providing order flow to the Exchange in order to qualify for the tier, which would provide higher credits than those currently available under Standard Rates. This in turn would support the quality of price discovery on the Exchange. The Exchange believes that by correlating the amount of the credit to the level of orders sent by an ETP Holder that add liquidity, the Exchange's fee structure should incentivize ETP Holders to submit more orders that add liquidity to the Exchange, thereby increasing the potential for price improvement to incoming marketable orders submitted to the Exchange.

The Exchange believes that, although it is proposing to limit the financial incentive for orders that provide displayed liquidity in Tape B securities, the proposed rebate of \$0.0034 per share, is among one of the higher credits paid by the Exchange and should serve as an incentive for ETP Holders to direct liquidity- providing orders to the Exchange.

As noted above, the Exchange operates in a competitive environment, particularly as it relates to attracting non-marketable orders, which add liquidity to the Exchange. The Exchange does not know how much order flow ETP Holders choose to route to other exchanges or to off-exchange venues. Based on the profile of liquidity-adding firms generally, the Exchange believes that a number of ETP Holders could qualify for the proposed new pricing tier if they choose to direct their order flow to the Exchange. However, without having a view of ETP

Holders' activity on other exchanges and off-exchange venues, the Exchange has no way of knowing whether this proposed rule change would result in any additional ETP Holders directing orders to the Exchange in order to qualify for the new Tier 6 credits.

Sub-Dollar Adding Tiers

The Exchange proposes to adopt a new volume-based pricing tier titled Sub-Dollar Adding Tiers under Section VIII. Tier Rates - Round Lots and Odd Lots (Per Share Price Below \$1.00), under which the Exchange would provide an enhanced rebate for execution of orders in Sub-Dollar Securities that add liquidity to the Exchange (“Adding Sub-Dollar Orders”).

In order to provide an incentive for ETP Holders to direct increased liquidity in Sub-Dollar Securities, the Exchange proposes to adopt three new pricing tiers under the proposed Sub-Dollar Adding Tiers pricing table where the credits increase in the various tiers based on increased levels of volume directed to the Exchange.

Specifically, under proposed new Tier 3, the Exchange would provide ETP Holders with a credit of 0.075% of the total dollar value of the transaction for executions of Adding Sub-Dollar Orders that qualify for such tier by achieving an ADV that is equal to at least 1.75% of CADV in Sub-Dollar Securities. Under proposed new Tier 2, the Exchange would provide ETP Holders with a credit of 0.10% of the total dollar value of the transaction for executions of Adding Sub-Dollar Orders that qualify for such tier by achieving an ADV that is equal to at least 2.00% of CADV in Sub-Dollar Securities. Finally, under proposed Tier 1, the Exchange would provide ETP Holders with a credit of 0.150% of the total dollar value of the transaction for executions of Adding Sub-Dollar Orders that qualify for such tier by achieving an ADV that is equal to at least 2.25% of CADV in Sub-Dollar Securities. The Exchange also proposes an alternative requirement for ETP Holders to qualify for the proposed new Tier 1 credit. As

proposed, the Exchange would provide ETP Holders with a credit of 0.150% of the total dollar value of the transaction if an OTP Holder or OTP Firm affiliated with the ETP Holder provides an ADV of electronic posted Customer and Professional Customer volume on NYSE Arca Options of at least 3.0% of TCADV.¹²

The purpose of this proposed rule change is to incentivize ETP Holders to direct a greater number of orders in Sub-Dollar Securities to the Exchange. The Exchange believes that the proposed Sub-Dollar Adding Tiers provides an incremental incentive for ETP Holders to strive for higher adding volume on the Exchange in order to receive the proposed enhanced rebate for executions of Adding Sub-Dollar Orders. As such, the proposed Sub-Dollar Adding Tiers are designed to incentivize ETP Holders that provide liquidity on the Exchange to increase their liquidity-providing orders in order to qualify for the enhanced rebate for executions of Adding Sub-Dollar Orders, which, in turn, the Exchange believes would also encourage the submission by qualifying ETP Holders of additional Adding Sub-Dollar Orders to the Exchange, thereby promoting price discovery and contributing to a deeper and more liquid market, including with respect to Sub-Dollar Securities. The Exchange believes that this resulting additional liquidity-adding volume, including in the form of adding volume in Sub-Dollar Securities, would contribute to a more robust and well-balanced market ecosystem on the Exchange to the benefit of all ETP Holders and market participants and, in turn, enhance the attractiveness of the Exchange as a trading venue. The Exchange notes that the proposed new Sub-Dollar Adding Tiers are comparable to other volume-based incentives and discounts, which have been widely adopted by exchanges (including the Exchange), including pricing incentives that provide an

¹² TCADV means total Customer equity and ETF option ADV as reported by The Options Clearing Corporation (OCC). See Fee Schedule, Section I. Definitions.

enhanced rebate for executions of liquidity-adding orders in Sub-Dollar Securities for firms that achieve a specified volume threshold that have been adopted by other exchanges.¹³

The proposed rule change is intended to encourage greater participation from ETP Holders, including ETP Holders that are affiliated with OTP Holders or OTP Firms, while also promoting liquidity in Sub-Dollar Securities and trading on the Exchange's options platform.

The Exchange believes that the proposal would create an added incentive for ETP Holders to bring additional order flow to a public market while also providing an alternative method for ETP Holders to qualify for the proposed new pricing tier. The Exchange further believes that providing credits to ETP Holders that are affiliated with an OTP Holder or OTP Firm could lead to increased trading on the Exchange's equities and options markets.¹⁴

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,¹⁵ in general, and furthers the objectives of Sections 6(b)(4) and (5) of the Act,¹⁶ in particular, because it provides for the equitable allocation of reasonable dues, fees, and other

¹³ See, e.g., the NYSE Arca Equities Fees and Charges (available at https://www.nyse.com/publicdocs/nyse/markets/nysearca/NYSE_Arca_Marketplace_Fees.pdf), which reflects a standard credit of 0.0% of the total dollar value for executions of securities priced below \$1.00 per share, as well as the "Sub-Dollar Adding Step Up Tier" pricing structure under which the Exchange provides higher credits (ranging from 0.05% to 0.15% of the total dollar value) for executions of orders in Sub-Dollar Securities for ETP Holders that qualify for any such tier by achieving certain specified volume thresholds. See also MEMX Equities Fee Schedule (available at <https://info.memxtrading.com/equities-trading-resources/us-equities-fee-schedule/>), which reflects a credit of 0.15% of total dollar volume if a Member has a Sub-Dollar ADAV that is equal to or greater than 5,000,000 shares.

¹⁴ There are currently 56 firms that are both ETP Holders and OTP Holders.

¹⁵ 15 U.S.C. 78f(b).

¹⁶ 15 U.S.C. 78f(b)(4) and (5).

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.”¹⁷

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. With respect to non-marketable orders which provide liquidity on an Exchange, ETP Holders can choose from any one of the 16 currently operating registered exchanges to route such order flow. Accordingly, competitive forces reasonably constrain exchange transaction fees and credits that relate to orders that would provide and remove liquidity on an exchange. Stated otherwise, changes to exchange transaction fees and credits can have a direct effect on the ability of an exchange to compete for order flow.

Given this competitive environment, the proposal represents a reasonable attempt to attract additional order flow to the Exchange.

Adding Tiers - Tier 6

The Exchange believes that the proposed new Tier 6 pricing tier is reasonable because it

¹⁷ See Securities Exchange Act Release No. 51808 (June 9, 2005), [70 FR 37496](#), 37499 (June 29, 2005).

is designed to encourage increased trading activity on the Exchange. The Exchange believes it is reasonable to require ETP Holders to meet the applicable volume threshold as it offers liquidity providers an opportunity to receive an enhanced rebate. Further, the proposed new pricing tier is reasonable as it would provide ETP Holders an additional opportunity to qualify for a rebate by meeting volume threshold that is distinct and varied than that required to qualify for the current pricing tiers under Adding Tiers. The Exchange believes that the proposal represents a reasonable effort to promote price improvement and enhanced order execution opportunities for ETP Holders. All ETP Holders would benefit from the greater amounts of liquidity on the Exchange, which would represent a wider range of execution opportunities. The Exchange believes the proposed new Tier 6 pricing tier is a reasonable means to encourage ETP Holders to increase their liquidity providing orders in Tape A, Tape B and Tape C securities.

The Exchange believes the proposed rule change to cap the credit applicable to the proposed new Tier 6 in Tape B securities is reasonable because the current credit is among the highest paid by the Exchange, and the Exchange believes the level of the proposed rebate would encourage ETP Holders to submit additional liquidity to a national securities exchange. Submission of additional liquidity to the Exchange would promote price discovery and transparency and enhance order execution opportunities for ETP Holders from the substantial amounts of liquidity present on the Exchange. All ETP Holders would benefit from the greater amounts of liquidity that will be present on the Exchange, which would provide greater execution opportunities.

The Exchange believes that the proposed rule change to introduce the new pricing tier is equitable and not unfairly discriminatory. The Exchange believes that the proposal does not permit unfair discrimination because the proposed new pricing tier would be available to all

similarly situated ETP Holders and all ETP Holders would be subject to the same requirement to qualify for the proposed new credit. Accordingly, no ETP Holder already operating on the Exchange would be disadvantaged by the proposed allocation of fees and credits under the proposal. The Exchange further believes that the proposed fee change would not permit unfair discrimination among ETP Holders because the general and tiered rates are available equally to all ETP Holders. As noted above, the Exchange operates in a highly competitive environment, particularly for attracting order flow that provides liquidity on an exchange. More specifically, the Exchange notes that greater add volume order flow may provide for deeper, more liquid markets and execution opportunities at improved prices, which the Exchange believes would incentivize liquidity providers to submit additional liquidity and enhance execution opportunities.

Sub-Dollar Adding Tiers

The Exchange believes the proposed Sub-Dollar Adding Tiers are a reasonable means to incentivize ETP Holders to direct more of their adding liquidity to the Exchange. The Exchange believes the proposed credits associated with the new pricing tiers would encourage greater participation from ETP Holders, which could result in increased execution of orders in Sub-Dollar Securities on the Exchange. The proposed new pricing tier would create an added financial incentive for ETP Holders to bring additional order flow in Sub-Dollar Securities to a public market.

The Exchange believes it is reasonable to adopt the proposed Sub-Dollar Adding Tiers pricing table because the proposed credits associated with the new pricing tiers, in particular Tier 1, would also encourage greater participation on NYSE Arca Options by OTP Holders or OTP Firms affiliated with ETP Holders. The Exchange believes that the proposed new Tier 1 is also

reasonable because the proposed pricing tier directly relates to the activity of an ETP Holder and the activity of an affiliated OTP Holder or OTP Firm on NYSE Arca Options, thereby encouraging increased trading activity on both the NYSE Arca equity and option markets. In this regard, the proposal is designed to bring additional posted order flow to NYSE Arca Options, so as to provide additional opportunities for all OTP Holders and OTP Firms to trade on NYSE Arca Options. Additionally, ETP Holders that are not affiliated with an NYSE Arca Options OTP Holder or OTP Firm are still eligible for credits by meeting the prescribed criteria that does not require trading on NYSE Arca Options.

The proposed rule change to adopt the new Sub-Dollar Adding Tiers pricing tier is reasonable as it would allow ETP Holders with additional opportunities to qualify for credits for their activity in Sub-Dollar Securities and may lead to increased participation by ETP Holders on the Exchange and by affiliated OTP Holders or OTP Firms on NYSE Arca Options. Such increased participation would result in increased liquidity which in turn would support the quality of price discovery and would promote market transparency as such orders would be sent to a national securities exchange rather than to off-exchange venues. Moreover, the addition of liquidity would benefit market participants whose increased order flow would provide meaningful added levels of liquidity thereby contributing to the depth and market quality on the Exchange.

The Exchange believes that the proposed adoption of the Sub-Dollar Adding Tiers pricing tier is equitable and not unfairly discriminatory. The proposed new pricing tiers are intended to provide ETP Holders an incentive to send a greater number of orders in Sub-Dollar Securities to the Exchange in order to earn a credit for such orders when posting liquidity on the Exchange, thereby increasing the number of orders that are executed on the Exchange,

promoting price discovery and transparency and enhancing order execution opportunities and improving overall liquidity on a public exchange. The Exchange also believes the proposed Sub-Dollar Adding Tiers pricing table is equitable and not unfairly discriminatory because it would be available to all ETP Holders on an equal basis. The Exchange does not believe that it is unfairly discriminatory to offer enhanced credits to ETP Holders as these participants would be subject to meeting each tier's prescribed volume requirement.

Moreover, the proposal neither targets nor will it have a disparate impact on any particular category of market participant. The Exchange believes that the proposed rule change would incentivize ETP Holders to direct a greater number of orders in Sub-Dollar Securities to a public exchange to qualify for the proposed credits, thereby promoting price discovery and transparency and enhancing order execution opportunities for ETP Holders.

The Exchange believes the proposed new pricing tiers are a reasonable means to encourage ETP Holders to increase their activity on the Exchange and the participation of their affiliated OTP Holder or OTP Firm on NYSE Arca Options. Increased liquidity benefits all investors by deepening the Exchange's liquidity pool, supporting the quality of price discovery, promoting market transparency and improving investor protection.

As noted above, the Exchange operates in a highly competitive environment, particularly for attracting order flow that provides liquidity on an exchange. More specifically, the Exchange notes that greater order flow in both equities and options may provide for deeper, more liquid markets and execution opportunities at improved prices, which the Exchange believes would incentivize liquidity providers to submit additional liquidity and enhance execution opportunities. Such increased participation would result in increased liquidity which in turn would support the quality of price discovery and would promote market transparency as such

orders would be sent to a national securities exchange rather than to off-exchange venues. Moreover, the addition of liquidity would benefit market participants whose increased order flow would provide meaningful added levels of liquidity thereby contributing to the depth and market quality on the Exchange.

The Exchange also notes that the proposed rule change will not adversely impact any ETP Holder's pricing or its ability to qualify for other fees and credits for trading in Sub-Dollar Securities. Rather, should an ETP Holder not meet the requirement under the proposed new pricing tiers, the ETP Holder will merely not receive the corresponding rebate.

On the backdrop of the competitive environment in which the Exchange currently operates, the proposed rule change is a reasonable attempt to increase liquidity on the Exchange and improve the Exchange's market share relative to its competitors.

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,¹⁸ 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. Instead, as discussed above, the Exchange believes that the proposed changes 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 ETP Holders. 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

¹⁸ 15 U.S.C. 78f(b)(8).

stocks for all types of orders, large and small.”¹⁹

Intramarket Competition. The Exchange believes the proposed amendments to its Fee Schedule would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposed change represents a significant departure from previous pricing offered by the Exchange or its competitors. The proposed changes are designed to attract additional order flow to the Exchange. In this proposed rule change, the Exchange is adopting new pricing tiers to incentivize greater order flow that adds liquidity to the Exchange. Thus, the proposed change provides another opportunity for ETP Holders to receive a credit based on their market-improving behavior and is reflective of the highly competitive market in which the Exchange operates. The proposed rule change is also designed to attract liquidity-providing orders in Sub-Dollar Securities to the Exchange and greater participation on NYSE Arca Options. The Exchange believes that the proposed change would incentivize market participants to direct their orders in Sub-Dollar Securities to a public market and trade increasingly on the Exchange’s options platform. Greater overall order flow, trading opportunities, and pricing transparency would benefit all market participants on the Exchange by enhancing market quality and would continue to encourage ETP Holders to send their orders to the Exchange, thereby contributing towards a robust and well-balanced market ecosystem. The proposed credits would be available to all similarly situated market participants, and, as such, the proposed rule change would not impose a disparate burden on competition among market participants on the Exchange. Additionally, the proposed change would apply to all ETP Holders equally in that all ETP Holders would have a reasonable opportunity to meet the volume requirement to qualify for the proposed credits.

¹⁹ See Regulation NMS, 70 FR at 37498-99.

Intermarket Competition. The Exchange operates in a highly competitive market in which market participants can readily choose to send their orders to other exchange 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 adjust its fees and rebates to remain competitive with other exchanges and with off-exchange venues. Because competitors are free to modify their own fees and credits in response, and because market participants may readily adjust their order routing practices, the Exchange does not believe its proposed fee changes imposes any burden on intermarket competition.

The Exchange believes that the proposed fee changes may promote competition between the Exchange and other execution venues, including those that currently offer similar order types and 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

Pursuant to Section 19(b)(3)(A)(ii) of the Act,²⁰ and Rule 19b-4(f)(2) thereunder²¹ the Exchange has designated this proposal as establishing or changing a due, fee, or other charge imposed on any person, whether or not the person is a member of the self-regulatory organization, which renders the proposed rule change effective upon filing. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily

²⁰ 15 U.S.C. 78s(b)(3)(A)(ii).

²¹ 17 CFR 240.19b-4.

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. Please include file number SR-NYSEARCA-2024-116 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-2024-116. 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 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-NYSEARCA-2024-116 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.²²

Sherry R. Haywood,

Assistant Secretary.

²² 17 CFR 200.30-3(a)(12).

Additions underlined
Deletions [bracketed]

NYSE Arca Equities
FEES AND CHARGES

Effective Date: January 2, 2025

NYSE ARCA MARKETPLACE: TRADE RELATED FEES AND CREDITS¹

EXCHANGE TRANSACTIONS

ETP HOLDERS AND MARKET MAKERS²

Round Lots and Odd Lots (Per Share Price \$1.00 or Above and Per Share Price Below \$1.00)

* * * * *

VII. Tier Rates - Round Lots and Odd Lots (Per Share Price \$1.00 or Above):

Adding Tiers				
Tier*	Minimum Requirement	Credit for Adding		
		Tape A	Tape B^(a)	Tape C
* * * * *				
Tier 4	0.20% Adding of CADV	(\$0.0025)	(\$0.0022)	(\$0.0025)
Tier 5	0.15% Adding of CADV	(\$0.0022)	(\$0.0020)	(\$0.0022)
<u>Tier 6</u>	<u>0.60% Adding of CADV, 1.50% Adding of Tape B, and 1.00% combined Adding and Removing of CADV</u>	(\$0.0030)	(\$0.0034)**	(\$0.0033)
<p>* ETP Holders that qualify for Tier 1, Tier 2, Tier 3 [or], Tier 4 or Tier 6 and also have combined Adding and Removing of 1.0% of CADV receive a minimum of (\$0.0030) for Adding in Tape A, Tape B and Tape C.</p> <p>** <u>ETP Holders that qualify for Tier 6 shall not receive additional Tape B Tier credits for adding displayed liquidity, including any additional credits associated with Less Active ETP Securities.</u></p>				

ETP Holders that qualify for Tier 1, Tier 2, Tier 3 [or] Tier 4, <u>or Tier 6</u> are subject to the following fees:	
Routing	\$0.0030
Removing Liquidity in Tape B	\$0.0029
Closing Orders	\$0.0010

VIII. Tier Rates - Round Lots and Odd Lots (Per Share Price Below \$1.00)³

<u>Sub-Dollar Adding Tiers</u>			
	<u>Minimum Requirement</u>		<u>All Tapes</u>
<u>Tier</u>	<u>Sub-Dollar Adding Orders as a percentage of CADV with a per share price below \$1.00</u>	<u>Customer and Professional Customer Electronic Posting Volume of TCADV on NYSE Arca Options by OTP Holder or OTP Firm affiliated with the ETP Holder</u>	<u>Credit for Sub-Dollar Adding Orders of total dollar value</u>
<u>Tier 1</u>	<u>2.25%, or</u>		<u>0.150%</u>
		<u>3.00%</u>	
<u>Tier 2</u>	<u>2.00%</u>		<u>0.10%</u>
<u>Tier 3</u>	<u>1.75%</u>		<u>0.075%</u>
