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

The proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b–4(f)(3) thereunder in that the proposed rule change is concerned solely with the administration of the Exchange.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may 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.

For the reasons described above, the Commission believes that the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

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

Electronic Comments
- Use the Commission’s internet comment form (http://www.sec.gov/rules/sro.shtml);
- Send an email to rule-comments@sec.gov. Please include File Number SR–NYSEARCA–2019–11 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–2019–11 on the subject line.

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

Eduardo A. Aleman,
Deputy Secretary.

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend the Exchanges Pricing Schedule at Options 7

March 13, 2019.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”) and Rule 19b–4 thereunder, notice is hereby given that on February 28, 2019, The Nasdaq Stock Market LLC (“Nasdaq” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II, and III, below, which items have been prepared by the 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 Exchanges Pricing Schedule at Options...
7. which governs the pricing for Nasdaq participants using The Nasdaq Options Market ("NOM"), Nasdaq's facility for executing and routing standardized equity and index options. While these amendments are effective upon filing, the Exchange has designated the proposed amendments to be operative on March 1, 2019.

The text of the proposed rule change is available on the Exchange's website at http://nasdaq.cchwallstreet.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 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 create an alternative way for Participants to earn the Tier 3 NOM Market Maker Rebate to Add Liquidity in Penny Pilot Options. Today as set forth in Options 7, Section 2(1), the Exchange offers NOM Market Maker Rebates to Add Liquidity in Penny Pilot Options. These rebates are structured as a six tier program ranging from $0.20 to $0.48 per contract, with increasing volume requirements for each tier. Participants currently receive a $0.30 per contract (or $0.40 per contract in the symbols APL, QQQ, IWM, SPY and VXX) Tier 3 rebate for adding NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.20% to 0.60% of total industry customer equity and ETF option ADV contracts per day in a month. As proposed, a Participant will also earn the Tier 3 rebate if the Participant meets the following alternative qualifications: (1) Transacts in all securities through one or more of its Nasdaq Market Center MPIDs that represent 0.70% or more of Consolidated Volume ("CV") 3 which adds liquidity in the same month on the Nasdaq Stock Market, 4 (2) transacts in Tape B securities 5 through one or more of its Nasdaq Market Center MPIDs that represent 0.18% or more of CV which adds liquidity in the same month on The Nasdaq Stock Market, and (3) executes greater than 0.01% of CV via Market-on-Close/Limit-on-Close ("MOC/LOC") 6 volume within The Nasdaq Stock Market Closing Cross in the same month. The Exchange also proposes to make related clean-up changes by renumbering the existing method to qualify for Tier 3 as paragraph (a) and the proposed alternative as paragraph (b).

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act, 7 in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act, 8 in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The alternative method to qualify for the Tier 3 NOM Market Maker Rebate to Add Liquidity in Penny Pilot Options proposed above is reasonable because it will create an additional opportunity for Participants to earn the Tier 3 rebate by incentivizing Participants to transact greater volume on The Nasdaq Stock Market in order to qualify for the Tier 3 rebate on NOM. The Exchange notes that this proposal is designed as a means to improve market quality by providing Participants with an incentive to increase their provision of liquidity on the Exchange’s equity and options markets. Today, Participants that add NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.20% to 0.60% of total industry customer equity and ETF option ADV contracts per day in a month are paid a $0.30 per contract (or $0.40 per contract in the symbols APL, QQQ, IWM, SPY and VXX) Tier 3 rebate. This proposal would provide participants with additional opportunities to earn the same Tier 3 NOM Market Maker rebate, and will encourage Participants to send order flow to both the options and equity markets to receive the rebate.

Furthermore, the concept of linking incentive on NOM to activity on The Nasdaq Stock Market exists today. The Exchange currently offers rebates on NOM that relate to activity on The Nasdaq Stock Market. 9 Similarly, The Nasdaq Stock Market offers credits that are based on activity on NOM. 10 As such, the Exchange believes that the volume requirement to transact in all securities through one or more of the Participant’s Nasdaq Market Center MPIDs that represent 0.70% or more of Consolidated Volume ("CV") which adds liquidity in the same month on The Nasdaq Stock Market is reasonable because the Exchange already offers rebates based on similar volume requirements. 11 Similarly, the volume requirement to execute greater than 0.01% of CV via Market-on-Close/Limit-on-Close ("MOC/LOC") volume within The Nasdaq Stock Market Closing Cross in the same month is reasonable because

8 15 U.S.C. 78f(b)(4) and (5).
9 7 U.S.C. 78f(b).
10 For example, one of the qualifications in the $0.48 per contract Tier 6 Customer and Professional Rebate to Add Liquidity in Penny Pilot Options requires that the Participant add liquidity in all securities through one or more of its Nasdaq Market Center MPIDs that represent 1.00% or more of Consolidated Volume in a month or qualifies for MARS. See Options 7, Section 2(1). Also, for example, note “c” of the NOM Pricing Schedule provides that Participants that transact in all securities through one or more of its Nasdaq Market Center MPIDs that represent 0.50% or more of Consolidated Volume in the same month on The Nasdaq Stock Market will receive a $0.52 per contract rebate to add liquidity in Penny Pilot Options as Customer or Professional and $0.10 per contract rebate to add liquidity in Non-Penny Pilot Options as Customer or Professional. See Options 7, Section 2(1).
11 See note 9 above.
the Exchange already offers rebates based on similar volume requirements.\footnote{See note “c” of Options 7, Section 2(1), offering Participants that qualify for the \$0.48 per contract Tier 6 Customer and Professional Rebate to Add Liquidity in Penny Pilot Options an additional \$0.05 per contract rebate if they meet the requisite volume thresholds in clause (3) of note “c,” including executing greater than 0.04\% of Consolidated Volume (“CV”) via Market-on-Close/Limit-on-Close (“MOC/LOC”) volume within The Nasdaq Stock Market Closing Cross within a month.} The volume requirement to transact in Tape B securities through one or more of the Participant’s Nasdaq Market Center MPIDs that represent 0.18\% or more of CV which adds liquidity in the same month on The Nasdaq Stock Market is a new requirement, which must be met in addition to the other two volume requirements proposed above.

The Exchange believes that the Tape B volume requirement is reasonable because linking rebates on NOM to activity on The Nasdaq Stock Market in this manner will encourage Participants to add liquidity to The Nasdaq Stock Market, which will benefit all market participants by way of interacting with that liquidity on the equity market. By encouraging market participants to increase their participation on the equities market by transacting in Tape B securities, the Exchange is rewarding Participants with an opportunity to earn an additional options incentive, provided all requirements are met.

Overall, the Exchange believes that the tiered NOM Market Maker Rebates to Add Liquidity in Penny Pilot Options with the proposed Tier 3 alternative will continue to reflect the progressively increasing rebate requirements that offer incentives to earn the highest NOM Market Maker rebate by bringing the most order flow to the Exchange.

The Exchange also believes that the proposed Tier 3 alternative is equitable and not unfairly discriminatory because all eligible Participants that qualify for these incentives will uniformly receive the rebate. The Exchange believes that the proposed volume requirements are proportionate to the amount of the Tier 3 rebate and fairly reflect the purpose of the proposed Tier 3 alternative, which is to incentivize Participants to transact greater volume on both the Exchange’s equity and options markets. In addition, the Exchange believes that it is equitable and not unfairly discriminatory to offer this rebate to NOM Participants that transact as NOM Market Makers and also transact on The Nasdaq Stock Market. Any NOM Participant may trade on The Nasdaq Stock Market because they are approved members.\footnote{Although a NOM Participant may incur additional labor and/or costs to establish connectivity to The Nasdaq Stock Market, there are no additional membership fees for NOM Participants that want to transact on The Nasdaq Stock Market.}

Furthermore, unlike other market participants, NOM Market Makers add value through continuous quoting and the commitment of capital.\footnote{Pursuant to Chapter VII (Market Participants), Section 5 (Obligations of Market Makers), in registering as a market maker, an Options Participant commits himself to various obligations. Transactions of a Market Maker in its market making capacity must constitute a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and Market Makers should not make bids or offers or enter into transactions that are inconsistent with such course of dealings. Further, all Market Makers are designated as specialists on NOM for all purposes under the Act or rules thereunder. See Chapter VII, Section 5.} Because NOM Market Makers have these obligations to the market and regulatory requirements that normally do not apply to other market participants, the Exchange believes that offering these rebates to only NOM Market Makers is equitable and not unfairly discriminatory in light of their obligations. Finally, encouraging NOM Market Makers to add greater liquidity benefits all market participants in the quality of order interaction.

\section*{B. Self-Regulatory Organization’s Statement on Burden on Competition}

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The pricing changes proposed above are generally designed to attract additional order flow to the Exchange, which strengthens the Exchange’s competitive position.

Greater liquidity benefits all market participants by providing more trading opportunities and attracting greater participation by market makers. An increase in the activity of these market participants in turn facilitates tighter spreads.

The Exchange operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees and rebates to remain competitive. Because competitors are free to modify their own fees and rebates in response, the Exchange believes that the degree to which pricing changes in this market may impose any burden on competition is extremely limited.

\section*{C. Self-Regulatory Organization’s Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others}

No written comments were either solicited or received.

\section*{III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action}

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.\footnote{15 U.S.C. 78s(b)(3)(A)(ii).} 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: (i) Necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

\section*{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:

\begin{itemize}
  \item Electronic Comments
    \begin{itemize}
      \item Use the Commission’s internet comment form (http://www.sec.gov/rules/sro.shtml);
      \item Send an email to rule-comments@sec.gov. Please include File Number SR–NASDAQ–2019–011 on the subject line.
    \end{itemize}
  \item Paper Comments
    \begin{itemize}
      \item 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–NASDAQ–2019–011. 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 (http://www.sec.gov/rules/sro.shtml). Copies of the submission, all subsequent
amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR–NASD–2019–011, and should be submitted on or before April 9, 2019.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.16

Eduardo A. Aleman,
Deputy Secretary.

[FR Doc. 2019–05087 Filed 3–18–19; 8:45 am]
BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; NYSE American LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Its NYSE American Equities Price List and the NYSE American Options Fee Schedule Related to Co-Location Services

March 13, 2019.

Pursuant to Section 19(b)(1)1 of the Securities Exchange Act of 1934 (the "Act")2 and Rule 19b–4 thereunder,3 notice is hereby given that, on March 1, 2019, NYSE American LLC ("NYSE American" 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 its NYSE American Equities Price List ("Price List") and the NYSE American Options Fee Schedule ("Fee Schedule") related to co-location services to make a ministerial change to reflect the name change of its affiliate Chicago Stock Exchange, Inc. and to correct a typographical error. The proposed change is available on the Exchange’s website at www.nyse.com, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it 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 Price List and Fee Schedule related to co-location services offered by the Exchange to make a ministerial change to reflect the name change of its affiliate Chicago Stock Exchange, Inc. ("CHX") to NYSE Chicago, Inc. ("NYSE Chicago") and to correct a typographical error.

On February 15, 2019, CHX changed its name to NYSE Chicago.5 In a non-substantive administrative change, the Exchange proposes to update General Note 4 related to co-location services6 as follows:

- Delete references to “Chicago Stock Exchange, Inc.” and “CHX” from the first paragraph of General Note 4, replacing them with references to “NYSE Chicago, Inc.” and “NYSE Chicago”;
- In the table under Included Data Products, delete “Chicago Stock Exchange (CHX)” from the first line and add a line for “NYSE Chicago” in alphabetical order after NYSE Bonds.

In addition, in the third sentence of the first paragraph under “Connectivity to Third Party Data Feeds,” the Exchange proposes to correct a typographical error by replacing “Fees” with “Feeds.”

General

As is the case with all Exchange co-location arrangements, (i) neither a User nor any of the User’s customers would be permitted to submit orders directly to the Exchange unless such User or customer is a member organization, a Sponsored Participant or an agent thereof (e.g., a service bureau providing order entry services); (ii) use of the co-location services proposed herein would be completely voluntary and available to all Users on a non-discriminatory basis;7 and (iii) a User would only incur

7 As is currently the case, Users that receive co-location arrangements, (i) neither a User nor any of the User’s customers would be permitted to submit orders directly to the Exchange unless such User or customer is a member organization, a Sponsored Participant or an agent thereof (e.g., a service bureau providing order entry services); (ii) use of the co-location services proposed herein would be completely voluntary and available to all Users on a non-discriminatory basis; and (iii) a User would only incur


4 General Note 4 describes the access to trading and execution systems and the connectivity to included data products which a User receives when it purchases access to the Liquidity Center Network ("LCN") or internet protocol ([IP] network, local area networks available in the data center. See Securities Exchange Act Release No. 79738 (January 25, 2018), 83 FR 54695 (November 1, 2018) (SR–CHX–2018–05).

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16 General Note 4 describes the access to trading and execution systems and the connectivity to included data products which a User receives when it purchases access to the Liquidity Center Network ("LCN") or internet protocol ([IP] network, local area networks available in the data center. See Securities Exchange Act Release No. 79738 (January 25, 2018), 83 FR 54695 (November 1, 2018) (SR–CHX–2018–05).

5 As is currently the case, Users that receive co-location services from the Exchange will not receive any means of access to the Exchange’s trading and execution systems that is separate from, or superior to, that of other Users. In this regard, all orders sent to the Exchange enter the Exchange’s trading and execution systems through the same order gateway, regardless of whether the sender is co-located in the data center or not. In addition, co-located Users do...