

reports on Form N-MFP imposes a total annual hour burden of 64,667 hours,<sup>17</sup> at an aggregate cost of \$15,436,869 on all money market funds.<sup>18</sup>

### Cost to Respondents

Cost burden is the cost of goods and services purchased in connection with complying with the collection of information requirements of rule 30b1-7 and Form N-MFP. The cost burden does not include the cost of the hour burden discussed in Item 12 above.

Based on discussions with industry participants, we estimate that money market funds that file reports on Form N-MFP in house license a third-party software solution to assist in filing their reports at an average cost of \$3,900 per fund per year. In addition, we estimate that money market funds that use a service provider to prepare and file reports on Form N-MFP pay an average fee of \$9,300 per fund per year. In sum, we estimate that all money market funds incur on average, in the aggregate, external annual costs of \$3,179,700.<sup>19</sup>

Written comments are invited on: (a) Whether the collection of information is necessary for the proper performance of the functions of the Commission, including whether the information has practical utility; (b) the accuracy of the Commission's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology.

Administrator (\$329 per hour), Senior Portfolio Manager (\$317 per hour), Compliance Manager (\$298 per hour) = \$35,875. The blended hourly rate was calculated as  $(\$280 + \$209 + \$329 + \$317 + 209)/5 = \$287$ . Seven new money market funds  $\times$  125 hours with a monetized cost of \$35,875 per fund = 875 hours with a monetized cost of \$251,125.

Aggregate annual hourly burden for all funds filing reports on Form N-MFP in house: 40,256 hours + 875 hours = 41,131 hours.

Aggregate annual costs for all funds filing reports on Form N-MFP in house: \$8,430,912 + \$251,125 = \$8,682,037.

<sup>17</sup> This estimate is based on the following calculation: 23,536 hours for filers licensing a software solution and filing in-house + 41,131 hours for filers using a third-party service provider = 64,667 hours in total.

<sup>18</sup> This estimate is based on the following calculation: \$6,754,832 (in-house filers) + \$8,682,037 (filers using a service provider) = \$15,436,869.

<sup>19</sup> This estimate is based on the following calculation: (150 money market funds (146 existing funds + 4 new funds) that file reports on Form N-MFP in house  $\times$  \$3,900 per fund, per year) + (279 money market funds (272 existing funds + 7 new funds) that file reports on Form N-MFP using a service provider  $\times$  \$9,300 per fund, per year) = \$3,179,700.

Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

Please direct your written comments to Charles Riddle, Acting Director/Chief Information Officer, Securities and Exchange Commission, C/O Candace Kenner, 100 F Street NE, Washington, DC 20549; or send an email to: [PRA\\_Mailbox@sec.gov](mailto:PRA_Mailbox@sec.gov).

Dated: February 1, 2019.

**Eduardo A. Aleman,**

*Deputy Secretary.*

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**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-85035; File No. SR-NYSEARCA-2018-101]

### 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 Regarding Credits Applicable To Lead Market Makers and to ETP Holders and Market Makers Affiliated With the LMM That Provide Displayed Liquidity to the NYSE Arca Book in Tape B Securities

February 1, 2019.

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (the "Act")<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that, on December 26, 2018, NYSE Arca, Inc. (the "Exchange" or "NYSE Arca") 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 the Substance of the Proposed Rule Change

The Exchange proposes to amend the NYSE Arca Equities Fees and Charges (the "Fee Schedule") regarding credits applicable to Lead Market Makers ("LMMs")<sup>4</sup> and to ETP Holders and Market Makers affiliated with the LMM that provide displayed liquidity to the

NYSE Arca Book in Tape B Securities. The Exchange proposes to implement the proposed fee change on January 2, 2019. The proposed rule change is available on the Exchange's website at [www.nyse.com](http://www.nyse.com), at the principal office of the Exchange, and at the Commission's Public Reference Room.

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

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

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

###### 1. Purpose

The Exchange proposes to amend the Fee Schedule regarding credits applicable to LMMs<sup>5</sup> and to ETP Holders and Market Makers affiliated with the LMM that provide displayed liquidity to the NYSE Arca Book in Tape B Securities. The Exchange proposes to implement the proposed fee change on January 2, 2019.

The Exchange currently provides tier-based incremental credits for orders that provide displayed liquidity to the NYSE Arca Book in Tape B Securities. Specifically, LMMs that are registered as the LMM in Tape B Securities that have a consolidated average daily volume ("CADV") in the previous month of less than 100,000 shares, or 0.0070% of Consolidated Tape B ADV, whichever is greater ("Less Active ETP Securities"), and the ETP Holders and Market Makers affiliated with such LMMs, currently receive an additional credit for orders that provide displayed liquidity to the Book in any Tape B Securities that trade on the Exchange.<sup>6</sup> The current incremental credits and volume thresholds are as follows:

- An additional credit of \$0.0004 per share if an LMM is registered as the

<sup>5</sup> The term "Lead Market Maker" is defined in Rule 1.1(w) to mean a registered Market Maker that is the exclusive Designated Market Maker in listings for which the Exchange is the primary market.

<sup>6</sup> The Exchange defines "affiliate" to "mean any ETP Holder under 75% common ownership or control of that ETP Holder." See Fee Schedule, NYSE Arca Marketplace: General.

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

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.

<sup>4</sup> The term "Lead Market Maker" is defined in Rule 1.1(w) to mean a registered Market Maker that is the exclusive Designated Market Maker in listings for which the Exchange is the primary market.

LMM in at least 300 Less Active ETP Securities

- An additional credit of \$0.0003 per share if an LMM is registered as the LMM in at least 200 but less than 300 Less Active ETP Securities
- An additional credit of \$0.0002 per share if an LMM is registered as the LMM in at least 100 but less than 200 Less Active ETP Securities
- An additional credit of \$0.0001 per share if an LMM is registered as the LMM in at least 75 but less than 100 Less Active ETP Securities

The incremental credits also apply to ETP Holders and Market Makers affiliated with the LMM whose orders in Tape B Securities provide displayed liquidity to the NYSE Arca Book.

The number of Less Active ETP Securities for the billing month is based on the number of Less Active ETP Securities in which an LMM is registered as the LMM on the last business day of the previous month. The Exchange proposes to amend the manner by which it determines how many Less Active ETP Securities in which an LMM is registered as the LMM. As proposed, the number of Less Active ETP Securities for the billing month would be based on the number of Less Active ETP Securities in which an LMM is registered as the LMM on the average of the first and last business day of the previous month. The Exchange would no longer make this determination based solely on the number of Less Active ETP Securities in which an LMM is registered as the LMM on just the last business day of the previous month.

For example, assume a LMM has 95 Less Active ETP Securities on the last day of the previous month. Further assume that same LMM has 115 Less Active ETP Securities on the first day of that same previous month. For purposes of this pricing tier, the LMM had 105 Less Active ETP Securities (the average of 95 and 115 Less Active ETP Securities) for the previous month and would therefore qualify for an additional credit of \$0.0002 per share as that LMM is registered as the LMM in at least 100 but less than 200 Less Active ETP Securities.

\* \* \* \* \*

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

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with

Section 6(b) of the Act,<sup>7</sup> in general, and furthers the objectives of Sections 6(b)(4) and (5) of the Act,<sup>8</sup> in particular, because it provides for the equitable allocation of reasonable dues, fees, and other charges among its members, issuers and other persons using its facilities and does not unfairly discriminate between customers, issuers, brokers or dealers.

The Exchange believes that the proposed rule change to amend the manner by which the Exchange would determine how many Less Active ETP Securities in which an LMM is registered as the LMM is reasonable because it is intended to reduce the impact of relying on one day to count an LMM's registration in Less Active ETP Securities. The Exchange believes that expanding the date for determining registration to also include the first day of the previous billing month would provide greater diversity of calculating LMM registration in Less Active ETP Securities and would reduce the impact to LMMs from relying on one day registration in Less Active ETP Securities. Further, a LMM that loses registration in Less Active ETP Securities after the first day of the previous billing month would have the remainder of the month to register for additional Less Active ETP Securities to make up for any loss of Less Active ETP Securities for that billing month.

The Exchange believes it is equitable and not unfairly discriminatory to amend the manner by which the Exchange would determine how many Less Active ETP Securities in which an LMM is registered as the LMM, as the proposed change would apply to all qualifying participants on an equal basis.

The proposed rule change is intended to encourage LMMs to promote price discovery and market quality in Less Active ETP Securities for the benefit of all market participants. Moreover, the Exchange believes that the proposed fee change would incentivize LMMs to register as an LMM in Less Active ETP Securities and thus, add more liquidity in these and other Tape B Securities to the benefit of all market participants.

Finally, the Exchange believes that it is subject to significant competitive forces, as described below in the Exchange's statement regarding the burden on competition. For these reasons, the Exchange believes that the proposal is consistent with the Act.

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

In accordance with Section 6(b)(8) of the Act,<sup>9</sup> the Exchange believes that the proposed rule change would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Instead, the Exchange believes that the proposed fee change would encourage increased participation by LMMs in the trading of ETP securities generally and Less Active ETP Securities, in particular. The proposed change would also encourage the submission of additional liquidity to a public exchange, thereby promoting price discovery and transparency and enhancing order execution opportunities for ETP Holders and Market Makers affiliated with LMMs.

The Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues. In such an environment, the Exchange must continually review, and consider adjusting, its fees and credits to remain competitive with other exchanges. For the reasons described above, the Exchange believes that this proposal promotes a competitive environment.

## C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

No written comments were solicited or received with respect to the proposed rule change.

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

The foregoing rule change is effective upon filing pursuant to Section 19(b)(3)(A)<sup>10</sup> of the Act and subparagraph (f)(2) of Rule 19b-4<sup>11</sup> thereunder, because it establishes a due, fee, or other charge imposed by the Exchange.

At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B)<sup>12</sup> of the Act to determine whether the proposed rule

<sup>9</sup> 15 U.S.C. 78f(b)(8).

<sup>10</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>11</sup> 17 CFR 240.19b-4(f)(2).

<sup>12</sup> 15 U.S.C. 78s(b)(2)(B).

<sup>7</sup> 15 U.S.C. 78f(b).

<sup>8</sup> 15 U.S.C. 78f(b)(4) and (5).

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>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NYSEARCA-2018-101 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-2018-101. 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-NYSEARCA-2018-101, and should be submitted on or before February 22, 2019.

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

**Eduardo A. Aleman,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-85031; File No. SR-CboeBZX-2018-096]

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

February 1, 2019.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on December 26, 2018, Cboe BZX Exchange, Inc. (the "Exchange" or "BZX") 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 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 its fee schedule for its equity options platform ("BZX Options") to (i) reduce the standard rebates for Market Maker orders that add liquidity in Penny Pilot ("Penny") and Non-Penny Pilot ("Non-Penny") Securities; (ii) exclude Firm, Broker Dealer ("BD") and Joint Back Office ("JBO") orders that add liquidity from the NBBO Setter Tiers, (iii) amend the criteria for NBBO Setter Tier 3, (iv) reduce the rebates for Tier 1 of both the Market Maker Penny Pilot and Non-Penny Pilot Add Volume Tiers; and (v) add a new Away Market Maker Penny Pilot Add Volume Tier, effective January 2, 2019.

The text of the proposed rule change is also available on the Exchange's website (<http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx>), at the Exchange's Office of the Secretary, and at the Commission's Public Reference Room.

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

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

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

###### 1. Purpose

The Exchange proposes to amend its fee schedule for its equity options platform ("BZX Options") to (i) reduce the standard rebates for Market Maker orders that add liquidity in Penny Pilot ("Penny") and Non-Penny Pilot ("Non-Penny") Securities; (ii) exclude Firm, Broker Dealer ("BD") and Joint Back Office ("JBO") orders that add liquidity from the NBBO Setter Tiers, (iii) amend the criteria for NBBO Setter Tier 3, (iv) reduce the rebates for Tier 1 of both the Market Maker Penny Pilot and Non-Penny Pilot Add Volume Tiers; and (v) add a new Away Market Maker Penny Pilot Add Volume Tier, effective January 2, 2019.

Market Maker Add Rebates, Penny and Non-Penny

Currently, the Exchange applies fee code PM to Market Maker orders that add liquidity in Penny Securities and provides such orders a standard rebate of \$0.31 per contract. The Exchange also currently applies fee code NM to Market Maker orders that add liquidity in Non-Penny Securities and provides such orders a rebate of \$0.42 per contract. The Exchange proposes to reduce the standard rebates for these orders. Particularly, the Exchange proposes to reduce the rebate for Market Maker orders that add liquidity in Penny Securities from \$0.31 per contract to \$0.29 per contract. The Exchange proposes to reduce the rebate for Market Maker orders that add liquidity in Non-Penny Securities from \$0.42 per contract to \$0.40 per contract. The Exchange notes the reduced rebates are in line with the rebates offered at other Exchanges for similar transactions.<sup>3</sup>

<sup>3</sup> See e.g., Nasdaq Gemini Pricing Schedule, Section 3, Regular Order Fees and Rebates, which

<sup>13</sup> 17 CFR 200.30-3(a)(12).