SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; NYSE American LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend the NYSE American Options Fee Schedule

April 10, 2019.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”) and Rule 19b–4 thereunder, notice is hereby given that, on April 1, 2019, NYSE American LLC (the “Exchange”) has filed with the Securities and Exchange Commission (the “Commission”) 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 American Options Fee Schedule (“Fee Schedule”). The Exchange proposes to implement the fee change effective April 1, 2019. 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 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 purpose of this filing is to modify the Fee Schedule to expand the types of transactions that may be included in the Firm Monthly Fee Cap for ATP Holders that achieve a certain increase in Complex CUBE Auction volume.4 Currently, Section I.I. of the Fee Schedule sets forth a Firm Monthly Fee Cap (“Fee Cap”) that limits, or caps, at $100,000 per month the fees incurred by Firms trading through a Floor Broker in open outcry (i.e., manual transactions).5 The Fee Cap may be lower than $100,000 for ATP Holders that achieve Tier 2 or higher of the American Customer Engagement (“ACE”) Program.6 Once a Firm has reached the Fee Cap, an incremental service fee of $0.01 per contract for Firm Manual transactions will apply, except for the execution of QCC orders, which are not subject to the incremental service fee.7 The Exchange proposes to include a broader range of Exchange activity under the Fee Cap for any ATP Holder that achieves an increase over January 2019 Initiating Complex CUBE volume by at least 0.20% of TCADV (the “Complex CUBE Cap Incentive”). ATP Holders that qualify for the Complex CUBE Cap Incentive will continue to be eligible for a reduced Monthly Fee Cap based on ACE Tier achieved,8 but will also be able to aggregate the following transactions with their Firm Manual and Firm QCC transactions:

• Broker Dealer Manual transactions; and

• Broker Dealer QCC transactions.9

As proposed, ATP Holders that qualify for the Complex CUBE Cap Incentive and attain the Firm Fee Cap would not be assessed transaction fees on Firm or Broker Dealer Manual volume, including QCC transactions. Further, an incremental service fee of $0.01 per contract would apply to Broker Dealer Manual transactions10 and for Broker Dealer QCC Transactions in excess of 25,000 contracts ADV, an incremental service fee of $0.10 per contract would apply.11

For example, an ATP Holder that executed 6,000 contracts per day ADV via Complex CUBE during the month of January 2019 would have to execute over 18,000 contracts a day ADV via Complex CUBE in April 2019 if the TCADV in April 2019 is 6 million contracts (i.e., 6,000 + (0.2% * 6 million) = (6,000 + 12,000)). Thus, the qualifying ATP Holder would be able to aggregate its Broker Dealer QCC transactions and Manual transactions (together with its Firm QCC transactions and Manual transactions) under the Fee Cap.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,12 in general, and furthers the objectives of Sections 6(b)(4) and (5) of the Act,13 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 Complex CUBE Cap Incentive is reasonable, equitable and not unfairly discriminatory for a number of reasons. First, the proposal is based on the amount of business transacted on the Exchange and ATP Holders can opt to try to achieve the Incentive or not. Second, the proposal is designed to encourage ATP Holders to utilize (if they have not done so) or increase volume sent to the Complex CUBE Auction, which was adopted earlier this year. Further, ATP Holders that seek to or do achieve the Complex CUBE Incentive likewise would be incented to increase its Broker Dealer volume in Manual and QCC transaction in an effort

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to meet the Fee Cap, which may, in
turn, encourage more business to be
brought to the Floor, which may extend
beyond Manual and QCC transactions.
To the extent that the proposed change
attracts more Broker Dealer Manual and
QCC transactions to the Exchange, this
increased order flow would continue to
make the Exchange a more competitive
venue for, among other things, order
execution.

Further, the proposed ten cent fee on
Broker Dealer QCC transactions over
25,000 contracts ADV is likewise
reasonable, equitable and not unfairly
discriminatory. The Exchange assesses a
QCC Transaction fee of $0.20 per
contract on Broker Dealer and Firm
volume.14 Today, Firms that achieve the
Fee Cap are charged $0.00 for Firm QCC
volume beyond the Fee Cap, but are still
charged $0.20 per contract for Broker
Dealer QCC volume. As proposed, Firms
that achieve the Complex CUBE Cap
Incentive would more easily achieve the
Fee Cap because the proposal allows
Broker Dealer Manual and QCC volume
together with Firm Manual and QCC volume
to count towards the Fee Cap. For Firms
that achieve the Complex CUBE Incentive Cap and the Fee Cap, Firm QCC volume beyond the Fee Cap will continue to be charged at $0.00 and the rate for Broker Dealer QCC volume will be reduced to $0.00 per contract for up to 25,000 contracts ADV and to $0.10 per contract with the proposed service fee for volume in excess of 25,000 contracts ADV. The proposed service fee is not unreasonable because it would apply to all similarly-situated Firms. Moreover, the Exchange believes the proposed service fee is reasonable given that it is still a reduction in cost for Broker Dealer QCC volume (once the Complex CUBE Cap Incentive and Fee Cap are achieved) and should encourage more such volume to be directed to and
executed on the Exchange.

Finally, the Exchange believes the
proposed changes are consistent with
the Act because to the extent the
modifications permit the Exchange to
continue to attract greater volume and
liquidity (to the Floor or otherwise), the
proposed change would improve the
Exchange’s overall competitiveness and
strengthen its market quality for all
market participants.

B. Self-Regulatory Organization’s
Statement on Burden on Competition

In accordance with Section 6(b)(8) of
the Act, the Exchange does not believe
that the proposed rule change would
impose any burden on competition that
is not necessary or appropriate in
furtherance of the purposes of the Act.
The Exchange believes that the
proposed Complex CUBE Cap Incentive
is pro-competitive as it is designed to
incentivize increased volume and
liquidity to the Exchange—for both
Complex CUBE and Manual and QCC
transactions—which would benefit all
Exchange participants through increased
opportunities to trade as well as
enhancing price discovery.

Given the robust competition for
volume among options markets, many of
which offer the same (or similar)
products, implementing programs to
attract order flow, such as the proposed
Complex CUBE Cap Incentive, are
consistent with the above-mentioned
goals of the Act.

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)15 of the Act and
subparagraph (f)(2) of Rule 19b–416 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)17 of the Act to
determine whether 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); or

• Send an email to rule-comments@sec.gov. Please include File No. SR–
  NYSEAMER–2019–10 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 No.
SR–NYSEAMER–2019–10. 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
communications relating to the
proposed rule change between the
Commission and any person, other than
those that may be withheld from the
public in accordance with the
provisions of 5 U.S.C. 552, will be
available for website viewing and
printing in the Commission’s Public
Reference Room, 100 F Street NE,
Washington, DC 20549, on official
business days between the hours of
10:00 a.m. and 3:00 p.m. Copies of the
filing also will be available for
inspection and copying at the principal
office of the Exchange. 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 No.
SR–NYSEAMER–2019–10, and should
be submitted on or before May 7, 2019.

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

Eduardo A. Aleman,
Deputy Secretary.

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14  See Fee Schedule, Section I. F. (QCC Fees &
  Credits) (setting forth transaction fees for market
  participants, including Non-Customers that are not
  Professional Customers or Specialists, i.e., Firms
  and Broker Dealers).


