

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

1. Purpose

The Exchange proposes to replace references to VXXB with VXX in its Pricing Schedule at Options 7, Section 2. As of May 2, 2019, the ticker symbol for VXXB (associated with the iPath Series B S&P 500 VIX Short-Term Futures exchange-traded note) will change to VXX.<sup>3</sup> Accordingly, the Exchange proposes to delete references to VXXB from the Tiers 3 and 4 NOM Market Maker Rebates to Add Liquidity in Penny Pilot Options currently applicable to AAPL, QQQ, IWM, SPY and VXXB, and replace those with VXX. The Tier 3 and Tier 4 rebates will otherwise remain unchanged under this proposal. The change is designed to prevent any potential confusion among market participants.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>4</sup> in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,<sup>5</sup> 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 Exchange believes that the replacing VXXB with VXX in the Tiers 3 and 4 NOM Market Maker Rebate to Add Liquidity in Penny Pilot Options currently applicable to AAPL, QQQ, IWM, SPY and VXXB is reasonable, equitable and not unfairly discriminatory because the proposed changes are designed to prevent potential confusion, and will allow for continued benefit to investors by providing them with an updated listed of symbols for these rebates.

*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. As discussed above, the proposed changes to update references to VXXB to VXX are clarifications designed to avoid

potential confusion among market participants.

*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.

**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.<sup>6</sup>

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.

**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-NASDAQ-2019-037 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-NASDAQ-2019-037. 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 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 Number SR-NASDAQ-2019-037 and should be submitted on or before June 7, 2019.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>7</sup>

**Eduardo A. Aleman,**

*Deputy Secretary.*

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-85849; File No. SR-CboeEDGA-2019-010]

**Self-Regulatory Organizations; Cboe EDGA Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the EDGA Equities Trading Platform Fee Schedule**

May 13, 2019.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on May 1, 2019, Cboe EDGA Exchange, Inc. ("Exchange" or "EDGA") 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.

<sup>1</sup> 17 CFR 200.30-3(a)(12).

<sup>2</sup> 15 U.S.C. 78s(b)(1).

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

<sup>3</sup> See [http://markets.cboe.com/resources/release\\_notes/2019/Cboe-BZX-Exchange-Ticker-Changes-for-VXXB-and-VXZB.pdf](http://markets.cboe.com/resources/release_notes/2019/Cboe-BZX-Exchange-Ticker-Changes-for-VXXB-and-VXZB.pdf).

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

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

<sup>6</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

## I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

Cboe EDGA Exchange, Inc. ("EDGA" or the "Exchange") is filing with the Securities and Exchange Commission (the "Commission") a proposed rule change to amend the fee schedule applicable to the EDGA equities trading platform ("EDGA Equities") as it relates to pricing for the use of the ROBB and ROCO routing strategies. The text of the proposed rule change is attached [sic] as Exhibit 5.

The text of the proposed rule change is also available on the Exchange's website ([http://markets.cboe.com/us/equities/regulation/rule\\_filings/edga/](http://markets.cboe.com/us/equities/regulation/rule_filings/edga/)), at the Exchange's Office of the Secretary, and at the Commission's Public Reference Room.

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

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

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

#### 1. Purpose

The purpose of the proposed rule change is to amend the EDGA Equities fee schedule to change the pricing applicable to orders routed using the ROBB and ROCO routing strategies in connection with planned changes to the System routing table.<sup>3</sup> ROBB and ROCO are a routing strategies offered by the Exchange that are used to target certain low cost venues by routing to those venues after accessing available liquidity on the EDGA Book. In February 2019, NYSE American LLC ("NYSE American") and NYSE National, Inc. ("NYSE National") were added to the System routing table as a

<sup>3</sup> The term "System routing table" refers to the proprietary process for determining the specific trading venues to which the System routes orders and the order in which it routes them. See Rule 11.11(g). The Exchange reserves the right to maintain a different System routing table for different routing options and to modify the System routing table at any time without notice.

low cost protected market centers. Therefore, pursuant to Rule 11.11(g), the Exchange has determined to add NYSE American and NYSE National as a low cost venues under the ROBB and ROCO routing strategies. These changes to the ROBB and ROCO routing strategies are scheduled to be introduced on May 1, 2019.

In recognition of the fact that NYSE American and NYSE National can be accessed at a low cost today, for securities priced at or above \$1.00, the Exchange proposes to provide a fee to orders routed to NYSE American using the ROBB or ROCO routing strategies and a rebate for orders routed to NYSE National using the ROBB or ROCO routing strategies. Specifically, the Exchange proposes to add ROBB and ROCO to the list of routing strategies that yield fee code NX, which relates to orders routed to NYSE National, and to the list of routing strategies that yield fee code MX, which relates to orders routed to NYSE American. As proposed, orders routed to NYSE National using the ROBB or ROCO routing strategies would be provided a rebate of \$0.00200 per share in securities priced at or above \$1.00, and no charge or rebate would be applied for securities priced below \$1.00. Orders routed to NYSE American using the ROBB or ROCO routing strategies would be assessed a fee of \$0.00020, and no charge or rebate would be applied for securities prices below \$1.00. The fee and rebate are consistent with those currently offered for orders routed to NYSE National and NYSE American using a similar low cost routing strategy, ROUC, yielding fee code NX and MX, respectively.

In addition to this, the Exchange proposes to reduce the per share rebate [sic] for orders routed to Cboe EDGX Exchange, Inc. ("EDGX") and to reduce the per share fee [sic] assessed for orders routed to EDGX that add liquidity, including pre- and post-market orders. Currently, the Exchange assesses a fee of \$0.0030 per share for orders routed to EDGX (yielding fee code I) in securities priced at or above \$1.00. The Exchange also currently provides a standard rebate of \$0.0027 per share for orders routed to EDGX that add liquidity, including pre- and post-market orders, (yielding fee code P) in securities priced at or above \$1.00. The Exchange now proposes to reduce the fee assessed for orders routed to EDGX (yielding fee code I) in securities priced at or above \$1.00 from \$0.0030 to \$0.00265. With respect to orders routed to EDGX that add liquidity, including pre- and post-market orders, (yielding fee code P) in securities priced at or above \$1.00, the

Exchange proposes to reduce the per share rebate from \$0.0027 to \$0.0017.

#### 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6 of the Act,<sup>4</sup> in general, and furthers the requirements of Section 6(b)(4),<sup>5</sup> in particular, as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its members and other persons using its facilities. The Exchange believes the proposed routing fee changes are appropriate as they reflect changes to the System routing table used to determine the order in which venues are accessed using the ROBB and ROCO routing strategies. As stated, ROBB and ROCO specifically target certain equities exchanges that provide low cost executions or rebates to liquidity removing orders, and routes to those venues after trading with the EDGA Book. The Exchange believes that the proposed changes reflect the intent of Members when they submit routable order flow to the Exchange using the ROBB and ROCO routing strategies.

The Exchange believes that it is reasonable and equitable to begin rebating orders routed to NYSE National using the ROBB and ROCO routing strategies. As mentioned previously, the Exchange added these exchanges to its list of low cost protected market centers, and wishes to provide the benefit of the rebate or lower fee provided by those markets to EDGA members using the ROBB and ROCO routing strategies. The Exchange currently offers such incentives when routing to those markets using another low cost routing strategy, ROUC. As is the case for orders routed via the ROUC routing strategy to NYSE American or NYSE National, the Exchange believes the proposed fees and rebates applicable to the ROBB and ROCO routing strategies to these venues generally reflect the current transaction fees and rebates available for accessing liquidity on those markets.<sup>6</sup> The Exchange believes that this change may increase interest in the Exchange's

<sup>4</sup> 15 U.S.C. 78f.

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

<sup>6</sup> NYSE American currently charges a fee for removing liquidity that is \$0.00020 per share in securities priced at or above \$1.00, and 0.25% of the total dollar value of the transaction in securities priced below \$1.00. See NYSE American Equities Price List, I. Transaction Fees.

NYSE National currently provides a rebate of \$0.00200 per share in securities priced at or above \$1.00 for members that achieve their taking tier. See NYSE National Schedule of Fees and Rebates, I. Transaction Fees, B. Tiered Rates. Orders that remove liquidity in securities below \$1.00 are executed without charge or rebate. See NYSE National, Schedule of Fees and Rebates, I. Transaction Fees, A. General Rates.

ROBB and ROCO routing strategies, in particular, by passing on better pricing to EDGA Members that choose to enter such orders on the Exchange, thereby encouraging additional order flow to be entered to the EDGA Book.

In addition to this, the Exchange believes that the proposed routing fee changes are equitable and not unfairly discriminatory as the proposed rebate would apply equally to all Members that use the Exchange to route orders using the associated routing strategies. The proposed fees are designed to reflect the fees charged and rebates offered by certain away trading centers that are accessed by Exchange routing strategies, and are being made in conjunction with changes to the System routing table designed to provide Members with low cost executions for their routable order flow. Furthermore, if Members do not favor the proposed pricing, they can send their routable orders directly to away markets instead of using routing functionality provided by the Exchange. Routing through the Exchange is voluntary, and the Exchange operates in a competitive environment where market participants can readily direct order flow to competing venues or providers of routing services if they deem fee levels to be excessive.

The Exchange also believes that its proposal to reduce rates for orders routed to EDGX is reasonable because Members will pay lower transaction fees for such orders. Additionally, the Exchange notes that the proposed fee is lower than transaction fees assessed on other Exchanges.<sup>7</sup> The Exchange notes that the proposed fee reduction is not unfairly discriminatory as it applies uniformly to Members.

Finally, the Exchange believes the proposed reduced rebates for orders routed to EDGX that add liquidity (including pre- and post-market orders) is reasonable, equitable and not unfairly discriminatory because Members will still receive rebates for such orders, albeit at a lower amount. The Exchange also believes the proposed reduction of rebates for such orders is reasonable because the Exchange must balance the revenue received for orders that add liquidity (and as described above, the Exchange is reducing the rates assessed for orders routed to EDGX). Rebates for orders that add liquidity incentivize members to bring additional order flow through the Exchange, thereby promoting price discovery and enhancing order execution opportunities for Members.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended. The proposed routing fee changes are designed to reflect changes being made to the System routing table used to determine where to send certain routable orders, and generally provide better pricing to Members for orders routed to low cost protected market centers using the Exchange's routing strategies. The Exchange notes that the use of available routing strategies is optional for all Members. Also, the proposed rates and rebates would apply uniformly to all Members, and members may opt to disfavor the Exchange's pricing if they believe that alternatives offer them better value. Accordingly, the Exchange does not believe that the proposed changes will impair the ability of members or competing venues to maintain their competitive standing in the financial markets. Further, excessive fees would serve to impair an exchange's ability to compete for order flow and members rather than burdening competition. Moreover, the proposed fee changes are designed to incentivize liquidity, which the Exchange believes will benefit all market participants by encouraging a transparent and competitive market. The Exchange operates in a highly competitive market in which market participants can readily direct their order flow to competing venues. In such an environment, the Exchange must continually review, and consider adjusting, its fees and rebates to remain competitive with other exchanges. For the reasons described above, the Exchange believes that the proposed fee changes reflect this 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 either solicited or received.

#### **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) of the Act<sup>8</sup> and paragraph (f) of Rule 19b-4<sup>9</sup> thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may

temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will institute proceedings 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](mailto:rule-comments@sec.gov). Please include File Number SR-CboeEDGA-2019-010 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-CboeEDGA-2019-010. 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 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

<sup>8</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>9</sup> 17 CFR 240.19b-4(f).

<sup>7</sup> See NYSE Price List 2019, Routing Fees.

comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-CboeEDGA-2019-010 and should be submitted on or before June 7, 2019.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>10</sup>

**Eduardo A. Aleman,**

*Deputy Secretary.*

[FR Doc. 2019-10228 Filed 5-16-19; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-85846; File No. SR-CboeBZX-2019-038]

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

May 13, 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 April 30, 2019, 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

Cboe BZX Exchange, Inc. (the "Exchange" or "BZX") is filing with the Securities and Exchange Commission ("Commission") a proposed rule change to amend its Fee Schedule. The text of the proposed rule change is attached [sic] as Exhibit 5.

The text of the proposed rule change is also available on the Exchange's website ([http://markets.cboe.com/us/equities/regulation/rule\\_filings/bzx/](http://markets.cboe.com/us/equities/regulation/rule_filings/bzx/)), at the Exchange's Office of the Secretary, and at the Commission's Public Reference Room.

<sup>10</sup> 17 CFR 200.30-3(a)(12).

<sup>11</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 the Statutory Basis for, the Proposed Rule Change

###### 1. Purpose

The Exchange proposes to make a number of amendments to its fee schedule for its equity options platform ("BZX Options"), effective May 1, 2019.

###### NBBO Setter Tier

The Exchange currently offers five NBBO Setter Tiers under Footnote 4 of the fee schedule which provide an additional rebate between \$0.01 and \$0.05 per contract for orders that establish a new National Best Bid or Offer ("NBBO") and which are appended with fee code PM and PN. The Exchange proposes to amend the required criteria under NBBO Setter Tier 3. NBBO Setter Tier 3 currently provides Members an additional rebate of \$0.03 per contract where the Member (i) has an ADAV<sup>3</sup> in Non-Customer orders greater than or equal to 0.80% of average OCV,<sup>4</sup> and (ii) has an ADAV in Firm/Market Maker/Away MM orders that establish a new NBBO greater than or equal to 0.05% of average OCV. The Exchange proposes to amend the first prong to reduce the ADAV Non-Customer requirement to 0.75% of average OCV (instead of 0.80%). The proposed change intends to ease Tier 3's current criteria which the Exchange hopes will encourage those Members who could not achieve the tier previously to increase their order flow

<sup>3</sup> "ADAV" means average daily added volume calculated as the number of contracts added per day. See Exchange Fee Schedule.

<sup>4</sup> "OCV" means the total equity and ETF options volume that clears in the Customer range at the Options Clearing Corporation ("OCC") for the month for which the fees apply, excluding volume on any day that the Exchange experiences an Exchange System Disruption and on any day with a scheduled early market close. See Exchange Fee Schedule.

as a means to receive the tier's enhanced.

###### QIP Tiers

The Exchange currently offers two QIP Tiers under footnote 5, which provide an additional rebate ranging from \$0.02 to \$0.04 per contract for qualifying Market Maker<sup>5</sup> orders that add liquidity in: (i) Penny Pilot Securities that yield fee code PM and; (ii) Non-Penny Pilot Securities that yield fee code NM. The additional rebate per contract is for an order that adds liquidity to BZX Options in options classes in which a Member is a Market Maker registered pursuant to Exchange Rule 22.2. The Exchange no longer wishes to maintain these tiers, in part due to the increased opportunities for rebates for Market Maker orders, discussed more fully below. The Exchange therefore proposes to eliminate both tiers from the fee schedule.

###### Market Maker Penny Add Tiers

The Exchange currently offers three Market Maker Penny Pilot Add Volume Tiers ("MM Penny Add Tiers") under footnote 6, which provide an enhanced rebate between \$0.33 and \$0.42 per contract for qualifying Market Maker orders which add liquidity in Penny Pilot securities<sup>6</sup> and yield fee code PM. The Exchange now proposes to (i) modify the required criteria under MM Penny Add Tiers 1 and 2, (ii) adopt six new MM Penny Add Tiers and (iii) amend the rebate and required criteria for current MM Penny Add Tier 3 (to be renumbered to Tier 9). The Exchange believes the additional MM Penny Add Tiers will provide Members additional opportunities and alternative means to receive enhanced rebates for meeting the corresponding proposed criteria. The Exchange believes the proposed tiers, along with the existing tiers, also provide an incremental incentive for Members to strive for the highest tier levels, which provide increasingly higher enhanced rebates.

First the Exchange proposes to modify the existing criteria under MM Penny Add Tiers 1 and 2. Currently, MM Penny Add Tier 1 provides that a Member will receive an enhanced rebate of \$0.33 per contract where the Member has an ADAV in Market Maker orders greater or equal to 0.05% of average OCV. The Exchange proposes to

<sup>5</sup> A Market Maker must be registered with BZX Options in an average of 20% or more of the associated options series in a class in order to qualify for QIP rebates for that class.

<sup>6</sup> "Penny Pilot Securities" are those issues quoted pursuant to Exchange Rule 21.5, Interpretation and Policy .01.