

**SUMMARY:** The Commission is establishing a docket to solicit comments for the purpose of developing its views on whether certain proposals for the upcoming UPU Congress are consistent with the standards and criteria for modern rate regulation established by the Commission under applicable sections of the United States Code. This notice informs the public of the filing, invites public comment, and takes other administrative steps.

**DATES:** *Comments are due:* June 12, 2020.

**ADDRESSES:** Submit comments electronically via the Commission's Filing Online system at <http://www.prc.gov>. Those who cannot submit comments electronically should contact the person identified in the **FOR FURTHER INFORMATION CONTACT** section by telephone for advice on filing alternatives.

**FOR FURTHER INFORMATION CONTACT:** David A. Trissell, General Counsel, at 202-789-6820.

**SUPPLEMENTARY INFORMATION:**

**Table of Contents**

- I. Introduction
- II. Initial Commission Action
- III. Ordering Paragraphs

**I. Introduction**

The 27th Universal Postal Union (UPU) Congress will take place August 10–28, 2020, in Côte d'Ivoire. Before the United States concludes any treaty, convention, or amendment that establishes a Market Dominant rate or classification, the Secretary of State must request that the Commission provide views on whether such treaties, conventions, or amendments are consistent with the standards and criteria for modern rate regulation established by the Commission under 39 U.S.C. 3622. 39 U.S.C. 407(c). On March 6, 2020, the Department of State requested the Commission's views on relevant proposals that will be presented at the 27th UPU Congress.<sup>1</sup>

Pursuant to section 407(c)(1) and 39 CFR part 3017, the Commission establishes Docket No. IM2020–1 for the purpose of developing its views on whether certain proposals for the upcoming UPU Congress are consistent with the standards and criteria for modern rate regulation established by the Commission under 39 U.S.C. 3622.

<sup>1</sup> Letter from Nerissa J. Cook, Deputy Assistant Secretary, U.S. Department of State, Bureau of International Organization Affairs, March 6, 2020 (State's Request).

**II. Initial Commission Action**

*Establishment of docket.* Part 3017 of title 39 of the Code of Federal Regulations codifies procedures related to the development of the Commission's section 407 views.<sup>2</sup> Pursuant to rule 3017.3(a), the Commission establishes this docket to "solicit comments on the general principles that should guide the Commission's development of views on relevant proposals, in a general way, and on specific relevant proposals[.]" 39 CFR 3017.3(a).

*Comments.* Rule 3017.4(a) provides that the Commission "shall establish a deadline for comments upon establishment of the docket that is consistent with timely submission of the Commission's views to the Secretary of State." 39 CFR 3017.4(a). The 27th Universal Postal Union Congress will take place August 10–28, 2020, in Côte d'Ivoire. The Department of State requests that the Commission submit its views by July 10, 2020. State's Request at 1. To ensure timely submission of the Commission's views to the Department of State, the Commission establishes June 12, 2020, as the deadline for submission of comments on the principles that should guide development of its views, as well as those on the consistency of proposals subject to subchapter I of chapter 36 with the standards and criteria of 39 U.S.C. 3622. Comments are to be submitted in the above captioned docket via the Commission's website at <http://www.prc.gov> unless a request for waiver is approved. For assistance with filing, contact the Commission's docket section at 202-789-6846 or [dockets@prc.gov](mailto:dockets@prc.gov).

*Public Representative.* Section 505 of title 39 requires the designation of an officer of the Commission (Public Representative) to represent the interests of the general public in all public proceedings. The Commission designates Kenneth E. Richardson as

<sup>2</sup> See Docket No. RM2015–14, Order Adopting Final Rules on Procedures Related to Commission Views, December 30, 2015 (Order No. 2960). See also 81 FR 869 (January 8, 2016). The rules in part 3017 took effect on February 8, 2016. The Commission recently revised these rules to enhance transparency and accountability within the Commission view process and improve public accessibility to related documents. Docket No. RM2020–3, Order Adopting Final Rules Related to Commission Views, February 24, 2020, at 1–2 (Order No. 5439). These revised rules go into effect on April 21, 2020. Order No. 5439 at 5. In addition, the Commission recently issued a final rulemaking in a separate proceeding that, among other things, renumbered several parts in title 39. Docket No. RM2019–13, Order Reorganizing Commission Regulations and Amending Rules of Practice, January 16, 2020 (Order No. 5407). As a result of Order No. 5407, part 3017 will be redesignated as part 3025 and the rules will be renumbered on April 20, 2020. *Id.*; Order No. 5439 at 4–5.

Public Representative in this proceeding.

*Availability of documents.* Pursuant to rule 3017.3(b), the Commission will post relevant proposals and other materials related to the development of Commission views in this docket.

**Federal Register** publication. Rule 3017.3(c) requires publication in the **Federal Register** of the notice establishing a docket authorized under part 3017. 39 CFR 3017.3(c). Pursuant to this rule, the Commission directs the Secretary of the Commission to arrange for prompt publication of this Order in the **Federal Register**.

**III. Ordering Paragraphs**

*It is ordered:*

1. The Commission establishes Docket No. IM2020–1 for purposes related to the development of section 407(c)(1) views and invites public comments related to this effort, as described in the body of this Order.

2. Comments are due no later than June 12, 2020.

3. Pursuant to 39 U.S.C. 505, Kenneth E. Richardson is appointed to serve as an officer of the Commission (Public Representative) to represent the interests of the general public in this docket.

4. The Secretary is directed to post documents in this docket when the Commission determines such documents are relevant.

5. The Secretary shall arrange for publication of this Order in the **Federal Register**.

By the Commission.

**Erica A. Barker,**  
*Secretary.*

[FR Doc. 2020–05114 Filed 3–12–20; 8:45 am]

**BILLING CODE 7710-FW-P**

**POSTAL SERVICE**

**Board of Governors; Sunshine Act Meeting**

**TIME AND DATE:** Monday, March 9, 2020, at 1:15 p.m.

**PLACE:** Washington, DC.

**STATUS:** Closed.

**MATTERS TO BE CONSIDERED:** Monday, March 9, 2020, at 1:15 p.m.

- 1. Strategic Issues.
- 2. Administrative Items.

On March 9, 2020, a majority of the members of the Board of Governors of the United States Postal Service voted unanimously to hold and to close to public observation a special meeting in Washington, DC. The Board determined that no earlier public notice was practicable.

*General Counsel Certification:* The General Counsel of the United States Postal Service has certified that the meeting may be closed under the Government in the Sunshine Act.

**CONTACT PERSON FOR MORE INFORMATION:** Michael J. Elston, Secretary of the Board, U.S. Postal Service, 475 L'Enfant Plaza SW, Washington, DC 20260-1000. Telephone: (202) 268-4800.

**Michael J. Elston,**  
Secretary.

[FR Doc. 2020-05279 Filed 3-11-20; 11:15 am]

BILLING CODE 7710-12-P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-88345; File No. SR-NYSEArca-2020-18]

### Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Modify the NYSE Arca Options Fee Schedule

March 9, 2020.

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 March 2, 2020, NYSE Arca, Inc. (“NYSE Arca” 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 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 modify the NYSE Arca Options Fee Schedule (“Fee Schedule”). The Exchange proposes to implement the fee change effective March 2, 2020. 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 purpose of this filing is to amend the Fee Schedule to modify the Limit of Fees on Options Strategy Executions (“Strategy Cap”), as set forth below.

Currently, the Fee Schedule provides that transaction fees for OTP Holders and OTP Firms (collectively, “OTP Holders”) are limited or capped at \$700 for certain options strategy executions “on the same trading day in the same option class” and such fees are further capped at \$25,000 per month per initiating firm.<sup>3</sup> Strategy executions that qualify for the Strategy Cap are (a) reversals and conversions, (b) box spreads, (c) short stock interest spreads, (d) merger spreads, and (e) jelly rolls, which are described in detail in the Fee Schedule (the “Strategy Executions”).<sup>4</sup>

The Exchange proposes to increase the daily Strategy Cap from \$700 to \$1,000 and to include in the Cap all Strategy Executions traded in the same day (*i.e.*, to eliminate the Cap requirement that strategies be in the same option class). In connection with this change, the Exchange proposes to eliminate the \$25,000 monthly Strategy Cap. The Exchange believes that the proposed Strategy Cap would encourage OTP Holders to execute more Strategy Executions, particularly those that would not individually qualify for inclusion in the Cap because of the current per-symbol limitation, as such strategies would become more economically feasible (and thus more attractive), when combined under the proposed Cap with all of an OTP Holder’s Strategy Executions on the same trading day.

The Exchange also proposes to exclude from the cap any qualifying Strategy Execution executed as a QCC order, as QCC transactions for Non-Customers are eligible for other Fee Cap

programs, and eligible for credits for a Floor Broker executing a QCC (*see infra* note 10).

The Exchange proposes to implement the rule change on March 2, 2020.

###### Background

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.”<sup>5</sup>

There are currently 16 registered options exchanges competing for order flow. Based on publicly-available information, and excluding index-based options, no single exchange has more than 16% of the market share of executed volume of multiply-listed equity and ETF options trades.<sup>6</sup> Therefore, no exchange possesses significant pricing power in the execution of multiply-listed equity & ETF options order flow. More specifically, in the fourth quarter of 2019, the Exchange had less than 10% market share of executed volume of multiply-listed equity & ETF options trades.<sup>7</sup>

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. Accordingly, competitive forces constrain options exchange transaction fees.

In response to this competitive environment, the Exchange has established incentives, such as the Strategy Cap, to encourage OTP Holders to participate in certain large volume options strategies that capture potentially small profits by capping the fees paid for such transactions.

As noted above, the current Strategy Cap limits or caps at \$700 transaction fees for options Strategy Executions “on

<sup>5</sup> See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) (S7-10-04) (“Reg NMS Adopting Release”).

<sup>6</sup> The OCC publishes options and futures volume in a variety of formats, including daily and monthly volume by exchange, available here: <https://www.theocc.com/market-data/volume/default.jsp>.

<sup>7</sup> Based on OCC data, *see id.*, the Exchange’s market share in equity-based options was 9.57% for the month of January 2019 and 9.59% for the month of January 2020.

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

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

<sup>3</sup> See Fee Schedule, NYSE Arca OPTIONS: TRADE-RELATED CHARGES FOR STANDARD OPTIONS, LIMIT OF FEES ON OPTIONS STRATEGY EXECUTIONS, available here: [https://www.nyse.com/publicdocs/nyse/markets/arca-options/NYSE\\_Arca\\_Options\\_Fee\\_Schedule.pdf](https://www.nyse.com/publicdocs/nyse/markets/arca-options/NYSE_Arca_Options_Fee_Schedule.pdf).

<sup>4</sup> See *id.*, at Endnote 10 (describing the Strategy Executions).