SUPPLEMENTARY INFORMATION: In accordance with the requirements of the Federal Advisory Committee Act, 5 U.S.C.—App, the Commission is publishing this notice that the Chairman of the Commission, with the concurrence of the other Commissioners, has approved the renewal of the Securities and Exchange Commission Fixed Income Market Structure Advisory Committee (the “Committee”). The Chairman of the Commission affirms that the renewal of the Committee is necessary and in the public interest.1

The Committee’s objective is to provide the Commission with diverse perspectives on the structure and operations of the U.S. fixed income markets, as well as advice and recommendations on matters related to fixed income market structure.

No more than 21 voting members will be appointed to the Committee. Such members shall represent a cross-section of those directly affected by, interested in, and/or qualified to provide advice to the Commission on matters related to fixed income market structure. The Committee’s membership will continue to be balanced fairly in terms of points of view represented. Non-voting members may also be named.

The charter provides that the duties of the Committee are to be solely advisory. The Commission alone will make any determinations of actions to be taken and policies to be expressed with respect to matters within the Commission’s jurisdiction. The Committee will meet at such intervals as are necessary to carry out its functions. The charter contemplates that the full Committee will meet one time. Meetings of subgroups or subcommittees of the full Committee may occur more frequently.

The Committee will operate for four-months from the date it is renewed or such earlier date as determined by the Commission unless, before the expiration of that time period, it is renewed in accordance with the Federal Advisory Committee Act. A copy of the charter for the Committee has been filed with the Committee on Banking, Housing, and Urban Affairs of the United States Senate, the Committee on Financial Services of the United States House of Representatives, and the Committee Management Secretariat of the General Services Administration. A copy of the charter as so filed will also be filed with the Chairman of the Commission, furnished to the Library of Congress, and posted on the Commission’s website at www.sec.gov.

By the Commission.


Vanessa A. Countryman,
Secretary.

[FR Doc. 2020–24168 Filed 10–30–20; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; MIAX Emerald, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Its Fee Schedule To Establish Market Data Fees

October 27, 2020.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),1 and Rule 19b–4 thereunder,2 notice is hereby given that on October 14, 2020, MIAX Emerald, LLC (“MIAX Emerald” 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 is filing a proposal to amend the MIAX Emerald Fee Schedule (the “Fee Schedule”) to establish market data fees.

The text of the proposed rule change is available on the Exchange’s website at http://www.miaxoptions.com/rule-filings/emerald, at MIAX’s principal office, 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 amend the Fee Schedule to establish market data fees. MIAX Emerald commenced operations as a national securities exchange registered under Section 6 of the Act on March 1, 2019.3 The Exchange adopted its transaction fees and certain of its non-transaction fees in its filing SR–EMERALD–2019–15.4 In that filing, the Exchange expressly waived, among others, market data fees to provide an incentive to prospective market participants to become Members5 of the Exchange. At that time, the Exchange waived market data fees for the Waiver Period6 and stated that it would provide notice to market participants when the Exchange intended to terminate the Waiver Period.

On September 15, 2020, the Exchange issued a Regulatory Circular which announced, among other things, that the Exchange would be ending the Waiver Period for market data fees, beginning October 1, 2020.7 On October 1, 2020, the Exchange filed its proposal to assess fees for its

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1 See 41 CFR 102–3.30(a).
5 “Member” means an individual or organization approved to exercise the trading rights associated with a Trading Permit. Members are deemed “members” under the Exchange Act. See Exchange Rule 100 and the Definitions Section of the Fee Schedule.
6 “Waiver Period” means, for each applicable fee, the period of time from the initial effective date of the MIAX Emerald Fee Schedule until such time that the Exchange has an effective fee filing establishing the applicable fee. The Exchange will issue a Regulatory Circular announcing the establishment of an applicable fee that was subject to a Waiver Period at least fifteen (15) days prior to the termination of the Waiver Period and effective date of any such applicable fee. See the Definitions Section of the Fee Schedule.
market data products, MIAX Emerald Top of Market ("ToM"), Administrative Information Subscriber ("AIS") fee, and MIAX Order Feed ("MOR"). On October 14, 2020, the Exchange withdrew the First Proposed Rule Change and refiled its proposal in order to provide more description regarding the difference in pricing for internal distributors and external distributors. A more detailed description of the ToM, AIS and MOR products can be found in the Exchange’s previously filed Market Data Product filings. The Exchange notes that it will feature assessing fees for Complex Top of Market ("cToM") at this time.

To summarize, ToM provides market participants with a direct data feed that includes the Exchange’s best bid and offer, with aggregate size, and last sale information, based on displayable order and quoting interest on the Exchange. The ToM data feed includes data that is identical to the data sent to the processor for the Options Price Reporting Authority ("OPRA"). ToM also offers subscribers that provide the number of Priority Customer contracts that are included in the size associated with the Exchange’s best bid and offer.

AIS provides market participants with a direct data feed that allows subscribers to receive real-time updates of products traded on MIAX Emerald, trading status for MIAX Emerald and products traded on MIAX Emerald, and liquidity seeking event notifications. The AIS market data feed includes opening imbalance condition information, opening routing information, expanded quote range information, post-halt notifications, and liquidity refresh condition information. AIS real-time messages are disseminated over multicast to achieve a fair delivery mechanism. AIS notifications provide current electronic system status allowing subscribers to take necessary actions immediately.

MOR provides market participants with a direct data feed that allows subscribers to receive real-time updates of options orders, products traded on MIAX Emerald, MIAX Emerald Options System status, and MIAX Emerald Options Underlying trading status. Subscribers to the data feed will get a list of all options symbols and strategies that will be traded and sourced on that feed at the start of every session.

The Exchange proposes to charge monthly fees to Distributors (defined below) of the ToM, AIS, and MOR market data products. MIAX Emerald will assess market data fees applicable to the market data products on Internal and External Distributors in each month the Distributor is credentialed to use the applicable market data product in the production environment. A "Distributor" of MIAX Emerald data is any entity that receives a feed or file of data either directly from MIAX Emerald or indirectly through another entity and then distributes it either internally (within that entity) or externally (outside that entity). All Distributors are required to execute a MIAX Emerald Distributor Agreement.

The Exchange proposes to assess Internal Distributors $3,000 per month and External Distributors $3,500 per month for the MOR market data feed. The Exchange notes that its market data feeds are generally lower than other options exchanges’ data feed prices for their comparable data feed products.

2. Statutory Basis

The Exchange believes that its proposal to amend its Fee Schedule is consistent with Section 6(b) of the Act in general, and furthers the objectives of Section 6(b)(4) of the Act in particular, in that it is an equitable allocation of reasonable dues, fees and other charges among its members and issuers and other persons using its facilities. The Exchange also believes the proposal furthers the objectives of Section 6(b)(5) of the Act in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest and is not designed to permit unfair discrimination between customers, issuers, brokers and dealers.

The Exchange believes that its proposal to adopt market data fees is reasonable in several respects. First, the Exchange is subject to significant competitive forces in the market for options transaction and non-transaction services that constrain its pricing determinations in that market. 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.” Numerous indicia demonstrate the competitive nature of this market. For example, clear substitutes to the Exchange exist in the market for options transaction services. The Exchange is one of several options venues to which market participants may direct their order flow, and it represents a small

9 See Securities Exchange Act Release No. 85207 (February 27, 2019), 84 FR 7963 (March 5, 2019) (SR-EMERALD-2019-09) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Establish MIAX Emerald Top of Market ("ToM") Data Feed, MIAX Emerald Complex Top of Market ("cToM") MIAX Emerald Administrative Information Subscriber ("AIS") Data Feed, and MIAX Emerald Order Feed ("MOR").

10 cToM provides subscribers with the same information as the ToM market data product as it relates to the strategy book, i.e., the Exchange’s best bid and offer for a complex strategy, with aggregate size, based on displayable order and quoting interest in the complex strategy on the Exchange. cToM also provides subscribers with the identification of the complex strategies currently trading on MIAX Emerald; complex strategy last sale information; and the status of securities underlying the complex strategy (e.g., halted, open, or resumed). cToM is distinct from ToM, and anyone wishing to receive cToM data must subscribe to cToM regardless of whether they are a current ToM subscriber. ToM subscribers are not required to subscribe to cToM, and cToM subscribers are not required to subscribe to ToM. See id.

11 The term “Priority Customer” means a person or entity that (i) is not a broker or dealer in securities, and (ii) does not place more than 390 orders or list options per day on average during a calendar month for its own beneficial account(s). The number of orders shall be counted in accordance with Interpretation and Policy. 91 to Exchange Rule 100. See Exchange Rule 100.

12 For Complex Top of Market ("cToM") Data Feed, MIAX Emerald Administrative Information Subscriber ("AIS") Data Feed, and MIAX Emerald Order Feed ("MOR").

13 See Nasdaq PHILX LLC Pricing Schedule, Options 7, Section 10, Proprietary Data Feed Fees; Cboe BZX Exchange, Inc. Fee Schedule, Market Data Fees; Chose Data Services, LLC, Fee Schedule.

14 15 U.S.C. 78f(b)(4) and (5).

15 15 U.S.C. 78f(b)(4) and (5).

percentage of the overall market. Within this environment, market participants can freely and often do shift their order flow among the Exchange and competing venues in response to changes in their respective pricing schedules. 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 approximately 16% of the market share of executed volume of multiply-listed equity and exchange-traded fund (“ETF”) options.\footnote{The Options Clearing Corporation (“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.}

Therefore, no exchange possesses significant pricing power. More specifically, for the month of August 2020, the Exchange had a market share of approximately 3.24% of executed multiply-listed equity options.\footnote{See id.} Additionally, the Exchange notes that it does not currently list any proprietary or singly-list products. Accordingly, there are no products listed on the Exchange for which the Exchange is the sole source of market data. Thus, it is a business decision whether firms decide to purchase the Exchange’s market data feeds, as the Exchange only offers trading in multiply-listed options.

The Exchange also believes that the ever-shifting market share among the exchanges from month to month demonstrates that market participants can discontinue or reduce use of certain categories of products, or shift order flow, in response to non-transaction and transaction fee changes. For example, on February 28, 2019, the Exchange’s affiliate, MIAX PEARL, LLC (“MIAX PEARL\footnote{See Securities Exchange Act Release No. 85304 (March 13, 2019), 84 FR 10144 (March 19, 2019) [SR–PEARL–2019–07].}”) filed with the Commission a proposal to Taker fees in certain Tiers for options transactions in certain Penny classes for Priority Customers and decrease Maker rebates in certain Tiers for options transactions in Penny classes for Priority Customers (which fee was to be effective March 1, 2019).\footnote{See id.} MIAX PEARL experienced a decrease in total market share for the month of March 2019, after the proposal went into effect. Accordingly, the Exchange believes that the MIAX PEARL March 1, 2019 fee change, to increase certain transaction fees and decrease certain transaction rebates, may have contributed to the decrease in MIAX PEARL’s market share and, as such, the Exchange believes competitive forces constrain the Exchange’s, and other options exchanges, ability to set transaction fees and market participants can shift order flow based on fee changes instituted by the exchanges.

Further, the Exchange no longer believes it is necessary to waive its market data fees to attract market participants to the MIAX Emerald market since this market is now established and MIAX Emerald no longer needs to rely on such waivers to attract market participants. The Exchange believes that the proposed change is equitable and not unfairly discriminatory because the elimination of the fee waiver for market data fees will uniformly apply to all market participants and market participants are not required to purchase any market data feed from the Exchange. As described above, the Exchange does not offer trading in any proprietary or singly-list options products. Accordingly, the Exchange is not the sole source of market data for any products listed on the Exchange. Therefore, it is a business decision as to whether a firm purchases the Exchange’s market data feeds. Additionally, the Exchange believes its proposal to establish market data fees is reasonable and well within the range of fees assessed among other exchanges, including the Exchange’s affiliate, MIAX.\footnote{See id.}

The Exchange believes that it is reasonable, equitable and not unfairly discriminatory to assess internal distributors fees that are less than the fees assessed for external distributors for subscriptions to the Exchange’s ToM, AIS and MOR data feeds because internal distributors have limited, restricted usage rights to the market data, as compared to external distributors which have more expansive usage rights. All Members and non-Members that determine to receive any market data feed of the Exchange (or its affiliates, MIAX and MIAX PEARL), must first execute, among other things, the MIAX Exchange Group Exchange Data Agreement (the “Exchange Data Agreement”).\footnote{See Exchange Data Agreement, available at https://miaxweb2.pairwise.com/sites/default/files/page-files/MIAX_Exchange_Group_Data_Agreement_09632020.pdf.} Pursuant to the Exchange Data Agreement, internal distributors are restricted to the “internal use” of any market data they receive. This means that internal distributors may only distribute the Exchange’s market data to the recipient’s officers and employees and its affiliates.\footnote{See id.} External distributors may distribute the Exchange’s market data to persons who are not officers, employees or affiliates of the external distributor, and may charge their own fees for the distribution of such market data.

Accordingly, the Exchange believes it is fair, reasonable and not unfairly discriminatory to assess external distributors a higher fee for the Exchange’s market data products as external distributors have greater usage rights to commercialize such market data. The Exchange believes the proposed fees are a reasonable allocation of its costs and expenses among its Members and other persons using its facilities since it is recovering the costs associated with distributing such data. Access to the Exchange is provided on fair and non-discriminatory terms. The Exchange believes the proposed fees are equitable and not unfairly discriminatory because the fee level results in a reasonable and equitable allocation of fees amongst users for similar services. Moreover, the decision as to whether or not to purchase market data is entirely optional to all users. Potential purchasers are not required to purchase the market data, and the Exchange is not required to make the market data available. Purchasers may request the data at any time or may decline to purchase such data. The allocation of fees among users is fair and reasonable because, if the market deems the proposed fees to be unfair or inequitable, firms can discontinue or discontinue their use of this data.

In adopting Regulation NMS, the Commission granted self-regulatory organizations and broker-dealers increased authority and flexibility to offer new and unique market data to the public. It was believed that this authority would expand the amount of data available to consumers, and also spur innovation and competition for the provision of market data.\footnote{Efficiency is promoted when broker-dealers who do not need the data beyond the prices, sizes, market center identifications of the NBBO and consolidated last sale information are not required to receive (and pay for) such data when broker-dealers may choose to receive (and pay for) additional market data based on their own internal analysis of the need for such data.}

By removing “unnecessary regulatory restrictions” on the ability of exchanges to sell their own data, Regulation NMS advanced the goals of the Act and the principles reflected in its legislative history. If the free market should...
determine whether proprietary data is sold to broker-dealers at all, it follows that the price at which such data is sold should be set by the market as well.

In July, 2010, Congress adopted H.R. 4173, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank Act"), which amended Section 19 of the Act. Among other things, Section 916 of the Dodd-Frank Act amended paragraph (A) of Section 19(b)(3) of the Act by inserting the phrase “or otherwise in furtherance of the purposes of this title,” into the paragraph opening with “the Commission shall institute proceedings under paragraph (2)(B) of Section 19(b) to determine whether the proposed rule should be approved or disapproved.”

The decision of the United States Court of Appeals for the District of Columbia Circuit in NetCoalition v. SEC, No. 09–1042 (D.C. Cir. 2010), although reviewing a Commission decision made prior to the effective date of the Dodd-Frank Act, upheld the Commission’s reliance upon competitive markets to set reasonable and equitably allocated fees for market data, stating that the exchange in question had "evolved through the interplay of competitive forces as unnecessary regulatory restrictions were removed" and that the SEC wielded its regulatory power "in those situations where competition may not be sufficient," such as in the creation of a "consolidated transactional reporting system." 26

The court’s conclusions about Congressional intent are therefore reinforced by the Dodd-Frank Act amendments, which create a presumption that exchange fees, including market data fees, may take effect immediately, without prior Commission approval, and that the Commission should take action to suspend a fee change and institute a proceeding to determine whether the fee change should be approved or disapproved only where the Commission has concerns that the change may not be consistent with the Act.

The Exchange notes that it 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. In such an environment, the Exchange must continually adjust its fees for services and products, in addition to order flow, to remain competitive with other exchanges. The Exchange believes that the proposed changes reflect this competitive environment.

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.

Intra-Market Competition

The Exchange does not believe that the proposed rule change would place certain market participants at the Exchange at a relative disadvantage compared to other market participants or affect the ability of such market participants to compete. Unilateral action by the Exchange in the assessment of certain non-transaction fees for services provided to its Members and others using its facilities will not have an impact on competition. As a more recent entrant in the already highly competitive environment for equity options trading, the Exchange does not have the market power necessary to set prices for services that are unreasonable or unfairly discriminatory in violation of the Act. The Exchange’s proposed market data

26 NetCoalition, at 15 (quoting H.R. Rep. No. 94–
fee levels, as described herein, are comparable to fee levels charged by other options exchanges for the same or similar services, including those fees assessed by the Exchange’s affiliate, MIAX.27

The Exchange believes that the proposed market data fees do not place certain market participants at a relative disadvantage to other market participants because the fees do not apply unequally to different size market participants, but instead would allow the Exchange charge for the time and resource necessary for providing market data to the market participants that request such data. Accordingly, the Exchange believes that the proposed market data fees do not favor certain categories of market participants in a manner that would impose a burden on competition.

Inter-Market Competition

The Exchange believes the proposed market data fees do not place an undue burden on competition on other SROs that is not necessary or appropriate. The Exchange operates in a highly competitive market in which market participants can readily favor one of the 16 competing options venues if they deem fee levels at a particular venue to be excessive. Based on publicly-available information, and excluding index-based options, no single exchange has more than 16% market share.28 Therefore, no exchange possesses significant pricing power in the execution of multiply-listed equity and ETF options order flow. For the month of August 2020, the Exchange had a market share of approximately 3.24% of executed multiply-listed equity options,29 and the Exchange believes that the ever-shifting market share among exchanges from month to month demonstrates that market participants can discontinue or reduce use of certain categories of products, or shift order flow, in response to fee changes. In such an environment, the Exchange must continually adjust its fees and fee waivers to remain competitive with other exchanges and to attract order flow to the Exchange.

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

Written comments were neither solicited nor 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,30 and Rule 19b-4(f)(2)31 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 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. Please include File Number SR–EMERALD–2020–13 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–EMERALD–2020–13. 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–EMERALD–2020–13, and should be submitted on or before November 23, 2020.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.22

J. Matthew DeLesDernier,
Assistant Secretary.

[FR Doc. 2020–24162 Filed 10–30–20; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meetings

TIME AND DATE: Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Public Law 94–409, the Securities and Exchange Commission will hold an Open Meeting on Wednesday, November 4, 2020 at 2:00 p.m.

PLACE: The meeting will be webcast on the Commission’s website at www.sec.gov.

STATUS: This meeting will begin at 2:00 p.m. (ET) and will be open to the public via audio webcast only on the Commission’s website at www.sec.gov.

MATTERS TO BE CONSIDERED:

1. The Commission will consider whether to issue a Notice, pursuant to Exchange Act Rule 6–13, seeking public comment on an application made by a foreign financial regulatory authority, pursuant to Exchange Act Rule 3a71–6, for a substituted compliance determination, and on a proposed order providing for the conditional availability of substituted compliance in connection with the application.

2. The Commission will consider whether to issue an order granting exemptive relief from Sections 8 and 15(a)(1) of the Securities Exchange Act of 1934 and Rules 3b–13(b)(2), 8c–1, 10b–10, 15a–1 and 15c2–1 thereunder in connection with the revision of the definition of “security” to encompass

27 See the MIAX Options Fee Schedule.
28 See supra note 17.
29 Id.