trigger the identification requirements of the rule.

The respondents to the collection of information required by Rule 13h–1 and Form 13H are large traders and registered broker-dealers. The Commission estimates that the total annual time burden associated with Rule 13h–1 and Form 13H is approximately 185,200 hours per year. This burden is comprised of 23,500 hours for initial filings by large traders on Form 13H, 58,500 hours for updates by large traders, 96,000 hours for broker-dealer reporting, and 7,200 hours for broker-dealer monitoring.

Compliance with Rule 13h–1 is mandatory. The information collection under proposed Rule 13h–1 is considered confidential subject to the limited exceptions provided by the Freedom of Information Act.4

Written comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information shall have practical utility; (b) the accuracy of the Commission’s estimates of the burden of the proposed 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. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information under the PRA unless it displays a currently valid OMB control number.

Please direct your written comments to: David Bottom, Director/Chief Information Officer, Securities and Exchange Commission, c/o Cynthia Roscoe, 100 F Street NE, Washington, DC 20549, or send an email to: PRA_Mailbox@sec.gov.


J. Matthew DeLesDernier,
Assistant Secretary.

[FR Doc. 2021–02505 Filed 2–5–21; 8:45 am]
BILLING CODE 8011–01–P


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 rule change is to eliminate the exclusion of inactive or “dark” series (as described below) from the requirements of Rule 970NY (Firm Quotes). In addition, the Exchange proposes to delete Rule 970.1NY (Quote Mitigation) in its entirety. The proposed rule change describes the obligations of the Exchange to collect, process and make available to quotation vendors the best bid and best offer for each option series that is a reported security.4 However, under Rule 970.1NY, the only quote messages that the Exchange sends to Options Price Reporting Authority (“OPRA”) are quotes for “active” series, which are defined as any series that: (i) Has traded on any options exchange in the previous 14 calendar days; (ii) is solely listed on the Exchange; (iii) has been trading ten days or less; or (iv) is a series in which the Exchange has an order.5 Any options series that falls outside of the above categories of “active” series are deemed inactive or “dark” series. As such, under Rule 970.1NY, the Exchange still accepts quotes from ATP Holders in these series; however, such quotes are not disseminated to OPRA. The Exchange proposes to modify Rule 970NY and to delete Rule 970.1NY to eliminate the use of “dark” series.

By way of background, Rules 970NY and 970.1NY were adopted over a decade ago in conformance with the NYSE Arca Rule 6.86–O in connection with the Penny Pilot Program, which has since been made permanent.6 In 2007, when NYSE Arca Rule 6.86–O was adopted, there were five options exchanges and an industry-wide concern about “capacity issues related
to excessive quoting rates.” However, since that time, 11 new exchanges launched, resulting in a total 16 options exchanges. With the increase in the number of exchanges, and associated quote traffic, OPRA capacity has been increased without issue.

As discussed further below, the Exchange believes that OPRA has the capacity to accommodate any increase in quote traffic from the Exchange arising from the publication of quotes in “dark series.” As an OPRA participant, the Exchange makes capacity requests to OPRA. Notwithstanding Rule 970.1NY, when the Exchange makes capacity requests to OPRA, it has always factored the total quote traffic it receives from Market Makers, including quotes in dark series.8 In other words, the Exchange presumes that all series will be active and therefore requests capacity to accommodate sending quotes for all series to OPRA. As such, the Exchange does not believe the proposed rule change would impact or change its capacity requests to OPRA. Nor would it change the total amount of capacity needed at OPRA to accommodate Market Maker quotes (including in “inactive series” under the current Rule) would be displayed and reflected in the market to the benefit of all market participants who would be on notice of such liquidity. The Exchange also notes that, over the years, certain market participants have experienced confusion regarding what quotes are being published and which are being suppressed. Therefore, the Exchange believes that the proposal would remove the element of potential confusion among market participants by publishing all quotes (not just those in active series) in the disseminated quote feed.

Importantly, since the adoption of Rule 970.1NY, the Exchange has implemented the following measures that serve as additional safeguards against excessive quoting:

—Monitoring: The Exchange actively monitors the quotation activity of its Market Makers. When the Exchange detects that a Market Maker is disseminating an unusual number of quotes, the Exchange contacts that Market Maker and alerts it to such activity. Such monitoring may reveal that the Market Maker may have internal system issues or has incorrectly set system parameters that were not immediately apparent. Alerting a Market Maker to the heightened levels of activity will usually result in a change that reduces the number of quotes sent to the Exchange by the Market Maker.

—Codification of select provisions of the Options Listing Procedures Plan (“OLPP”) in Rule 903A.9 The OLPP is a national market system plan that, among other things, sets forth procedures governing the listing of new options. From the OLPP, the Exchange incorporated in Rule 903A “applied uniform standards to the range of options series exercise (or strike) prices available for trading on the [Exchange] as a quote mitigation strategy.”10 In approving the OLPP provisions, subsequently incorporated in Rule 903A, the Commission indicated that “adopting uniform standards to the range of options series exercise (or strike) prices available for trading on the [Exchange] should reduce the number of option series available for trading and thus should reduce increases in the options quote message traffic because market participants will not be submitting quotes in those series.”11 The Exchange believes that adherence to the OLPP standard for strike listings has contributed to the decline of the number of strikes listed, which has in turn, reduced the amount of quotes in “dark series,” that were held back from OPRA.12

Refined Market Maker Quoting Obligations: One year after adopting select provisions of the OLPP, the Exchange refined the quoting obligations applicable to Market Makers as a quote mitigation strategy.13 Specifically, the Exchange adopted Commentary .01 to Rule 925.1NY, which states that Specialists’ and Market Makers’ continuous quoting obligations “shall not apply to Market Makers with respect to adjusted option series, and series with a time to expiration of nine months or greater, for options on equities and Exchange Traded Fund Shares, and series with a time to expiration of twelve months or greater for Index options.”14 Because there are no Market Maker quoting obligations associated with adjusted options series, there is a reduction in quote traffic that is sent to OPRA. Indeed, in approving the text of Commentary .01 to Rule 925.1NY, the Commission noted, “the Exchange’s proposal would reduce the burden on market makers to submit continuous quotes that the Exchange may not submit to OPRA.”15

The Exchange believes that these quote mitigation strategies would allow the Exchange to continue to effectively mitigate quote message traffic.

In connection with the foregoing, the Exchange proposes to amend paragraphs (b)(1) and (b)(2) of Rule 970NY to delete references to the “Quote Mitigation


8 For example, in 2006–2007, OPRA had the capacity to process 360,000 message per second and, at its peak message rate, the Exchange accounted for 15% of OPRA capacity, sending 55, 248 message per second for active series.

9 OPRA has delegated certain functions pertaining to planning the capacity of the OPRA System to an Independent System Capacity Advisor (“ISCA”) that “manages, provides, or maintains a System that has capacity sufficient to satisfy the requests of the parties.” See the OPRA Capacity Guidelines, at p. 1, available here, https://assets.website-files.com/5ba40927ac854d8c97bc92d7/5bf419b52de21fff3e88107f capacity_guidelines.pdf. The Exchange has never been informed by the ISCA that the capacity it has requested cannot be met for any reason, including because the ISCA has deemed the request to be unreasonable. Thus, the Exchange believes that any increase in quote traffic that might be sent to OPRA as a result of the current proposal should not impact any other exchange’s capacity at OPRA.

10 Rule 903A codified Amendment No. 3 to the OLPP. See Securities Exchange Act Release No. 60531 (August 19, 2008), 74 FR 43173 (File No. 4–443). See also Rule 903A.

11 Ifd. 74 FR at 43174.

12 When NYSE Arca adopted its quote mitigation rule, which the Exchange copied, it estimated that deployment of the rule would reduce its quote traffic by 20–30%. See supra note 7, Arca Notice, 71 FR at 61527. In actuality, the rule has resulted in a reduction of approximately 10% of quote message traffic to OPRA. The Exchange believes this disparity was a result of the number of “inactive” series being much lower than anticipated because of increased competition and quoting activity as well as limitations on proliferation of unnecessary strikes, per the OLPP.


14 An “adjusted series” is “an option series wherein, as a result of a corporate action by the issuer of the underlying security, one option contract in the series represents delivery of other than 100 shares of underlying stock or Exchange-Traded Fund Shares.” See Commentary .01 to Rule 925.1NY.

15 See supra note 13, 76 FR at 65311.
Plan,” which refer to the plan set forth in Rule 970.1NY. In addition, the Exchange proposes to delete Rule 970.1NY in its entirety.

Implementation

The Exchange will announce the implementation date of the proposed rule change in a Trader Update within 60 days of rule approval.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Securities Exchange Act of 1934 (the “Act”),16 in general, and further that the objectives of Section 6(b)(5) of the Act,17 in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, 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.

The Exchange believes that the proposed elimination of Rule 970.1NY (and references to quote mitigation in Rule 970NY) would promote just and equitable principles of trade, as well as serve to remove impediments to and perfect the mechanism of a free and open market because the Exchange’s systems capacity is more than sufficient to accommodate any increase in quote traffic to OPRA as a result of the proposed rule change. First, the Exchange believes that the proposed elimination of Rule 970.1NY would promote just and equitable principles of trade, as well as serve to remove impediments to and perfect the mechanism of a free and open market because the proposed change would increase transparency and enhance price discovery. Specifically, as proposed, all Market Maker quotes (including those in “inactive series” under the current Rule) would be displayed and reflected in the market to the benefit of all market participants who would be on notice of such liquidity. The Exchange also believes that the proposal would remove the element of potential confusion among market participants by publishing all quotes (not just those in active series) in the disseminated quote feed.

In addition, the proposed change would promote just and equitable principles of trade, as well as serve to remove impediments to and perfect the mechanism of a free and open market because the Exchange’s capacity requests already presume that all series are active. Hence, the Exchange believes that the existing capacity planning at OPRA already factors in quotes in dark series being lit and therefore does not believe that the elimination of this rule (and any resulting increase in quote traffic) would have a negative impact on capacity.

The Exchange further believes that the existing quote mitigation strategies (i.e., monitoring of quoting activity, codification of the OLPP, and refined Market Maker quoting obligations) employed by the Exchange serve to reduce the potential for excessive quoting and therefore reduce quote traffic.

Importantly, the circumstances giving rise to the NYSE Arca rule that the Exchange copied—industry-wide concern about “capacity issues related to excessive quoting rates”—has subsided given that OPRA capacity has increased exponentially over the last decade coincident with the influx of new options exchanges. In addition, the proposed increase in quote traffic as a result of this proposal is minimal and therefore unlikely to adversely impact the flow of message traffic and/or harm downstream consumers of OPRA data. As noted above, the increase in quotes message traffic in dark series is already considered in the Exchange’s capacity requests to OPRA and already published to downstream users of OPRA data. As such, the Exchange believes the proposed change would not impede the protection of investors and the public interest.

Thus, the Exchange believes there is sufficient capacity at OPRA to accommodate any additional quote traffic that will result from elimination of dark series. The Exchange therefore believes that its proposal will not impact the protection of investors and the public interest.

Finally, as discussed above, the Exchange does not anticipate that its proposal would negatively impact systems capacity. However, to the extent it does, the Exchange has analyzed its capacity and represents that if it and the OPRA have the necessary systems capacity to handle any incremental additional traffic associated with this proposed rule change.

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

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. Specifically, as discussed above, the Exchange believes that any increase in quote traffic that might be sent to OPRA as a result of the proposed rule change would be minimal and should not impact any other exchange’s capacity at OPRA. The Exchange likewise believes that there would be no adverse impact on any downstream consumers of OPRA data given that any increase in quote traffic would be minimal and has already been included in the Exchange’s capacity planning requests to OPRA.

Intramarket Competition. The elimination of “dark series” would increase intra market competition and improve quote quality, because prices and sizes of all Exchange quotations would be sent to OPRA to be published and updated. At present, Market Makers cannot “see” the internal best bid and offer in a dark series, nor can they improve upon the displayed market to establish price/time priority. This proposal to publish the quotes in inactive series will enhance intramarket competition because Market Makers will be able to submit more competitive quotes.

Intramarket Competition. For reasons similar to those described in the Intramarket Competition section, eliminating the use of dark series and publishing to OPRA the Exchange’s previously unpublished quotes on such series would increase competition between markets, because NYSE American’s quotes would now be visible and included in the calculation of the NBBO. Including all NYSE American quotes in the NBBO (including those in dark series), an options participant will know if an order should be sent to NYSE American to get the best price.

Market Makers that use a strategy to “match” the NBBO will now need to factor NYSE American quotes into their calculations.

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

Within 45 days of the date of publication of this notice in the Federal Register or up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) By order approve or disapprove the proposed rule change, or
For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.16
J. Matthew DeLesDernier, Assistant Secretary.
[FR Doc. 2021–02645 Filed 2–5–21; 8:45 am]
BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meeting; Cancellation


PREVIOUSLY ANNOUNCED TIME AND DATE OF THE MEETING: Thursday, February 4, 2021 at 2:00 p.m.

CHANGES IN THE MEETING: The Closed Meeting scheduled for Thursday, February 4, 2021 at 2:00 p.m., has been cancelled.

CONTACT PERSON FOR MORE INFORMATION: For further information: please contact Vanessa A. Countryman from the Office of the Secretary at (202) 551–5400.

Vanessa A. Countryman, Secretary.
[FR Doc. 2021–02692 Filed 2–4–21; 4:15 pm]
BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Proposed Rule Change To Amend the NYSE Arca Equities Fees and Charges and the NYSE Arca Options Fees and Charges Related to Co-Location Services

February 2, 2021.

Pursuant to Section 19(b)(1)1 of the Securities Exchange Act of 1934 (the “Act”)2 and Rule 19b–4 thereunder, notice is hereby given that, on January 19, 2021, NYSE Arca, Inc. (“NYSE Arca” or the “Exchange”) 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 Substance of the Proposed Rule Change

The Exchange proposes to amend the NYSE Arca Equities Fees and Charges and the NYSE Arca Options Fees and Charges (together, the “Fee Schedules”) related to co-location services to add two Partial Cabinet Solution bundles. The proposed 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 Exchange proposes to amend its Fee Schedules related to co-location4 services to add two Partial Cabinet Solution (“PCS”) bundles that would be offered to Users.5

