investors, or otherwise in furtherance of the purposes of the Act.

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–MSRB–2021–03 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549.

All submissions should refer to File Number SR–MSRB–2021–03. 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 MSRB. 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–MSRB–2021–03 and should be submitted on or before June 16, 2021.

For the Commission, pursuant to delegated authority,16

J. Matthew DeLesDernier,
Assistant Secretary.

[FR Doc. 2021–11084 Filed 5–25–21; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; Nasdaq PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend the Exchange’s Pricing Schedule at Equity 7, Section 3

May 20, 2021.

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 May 12, 2021, Nasdaq PHLX LLC (“Phlx” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “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 proposes to amend the Exchange’s pricing schedule at Equity 7, Section 3, as described further below. The Exchange originally filed the proposal pricing change on May 3, 2021 (SR–Phlx–2021–29). On May 12, 2021, the Exchange withdrew that filing and submitted this filing.

The text of the proposed rule change is available on the Exchange’s website at https://listingcenter.nasdaq.com/rulebook/phlx/rules, 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 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 its pricing schedule, at Equity 7, Section 3, to make a change to its fees for routing of orders using the SCAR routing option in all securities. Specifically, the Exchange proposes to lower the $0.0025 per share executed credit that is given to a member that enters an order in any of the three tapes using the “SCAR” routing option3 which ultimately executes on Nasdaq BX (“BX”).

BX recently revised its pricing schedule to lower its existing credits.4 Currently, all credits provided to members on BX are lower than $0.0025 per share executed. As a result, the Exchange is proposing to lower its existing $0.0025 per share credit to $0.0016 per share executed for SCAR orders that execute on BX in order to better align this amount with the credit amount provided by BX on its fee schedule.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,5 in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,6 in particular, 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 Proposal Is Reasonable

The Exchange’s proposed changes to its SCAR routing rebate are reasonable in several respects. As a threshold matter, the Exchange is subject to significant competitive forces in the market for equity securities transaction

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6 15 U.S.C. 78b(b)(4) and (5).
services that constrain its pricing
determinations in that market. The fact
that this market is competitive has long
been recognized by the courts. In
NetCoalition v. Securities and Exchange
Commission, the D.C. Circuit stated as
follows: ‘[n]o one disputes that
competition for order flow is ‘fierce.’
. . . As the SEC explained, ‘[i]n the U.S.
national market system, buyers and
sellers of securities, and the broker-
dealers that act as their order-routing
agents, have a wide range of choices of
where to route orders for execution’;
[and] ‘no exchange can afford to take its
market share percentages for granted
because ‘[n]o exchange possesses a
monopoly, regulatory or otherwise, in
the execution of order flow from broker
dealers’. . . ’” 7

The Commission and the courts have
repeatedly expressed their preference
for competition over regulatory
intervention in determining prices,
products, and services in the securities
markets. In Regulation NMS, while
adopting a series of steps to improve the
current market model, 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.’” 8

Numerous indicia demonstrate the
competitive nature of this market. For
every example, clear substitutes to the
Exchange exist in the market for equity
security transaction services. The
Exchange is only one of several equity
venues to which market participants
may direct their order flow.

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.

The Exchange believes it is reasonable
to lower the $0.0025 per share executed
credit that it provides to a member that
enters a SCAR routed order that
executes on BX because the proposal
will better align this credit with
corresponding credits that BX provides
to its own members that remove
liquidity from that exchange. 9 The
Exchange also believes that it is
appropriate to periodically reassess and
recalibrate its fees. In this instance,
better aligning the credits will help to
ensure that market participants will not
use the Exchange’s SCAR order routing
strategy solely to obtain a higher rebate
on orders that are routed and executed
on BX.

The Proposal Is an Equitable Allocation
of Credits and Not Unfairly
Discriminatory

The Exchange believes its proposal to
lower its credit for SCAR routed orders
that execute on BX to $0.0016 per share
executed credit is an equitable
allocation because the proposed
amended credit amount is better aligned
with the liquidity removal credits that
BX provides to its members.

Additionally, the proposal is not
unfairly discriminatory because the
proposed amended credit is available to
all members.

Any participant that is dissatisfied
with the proposals is free to shift their
order flow to competing venues that
provide more generous pricing or less
stringent qualifying criteria.

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.

Intramarket Competition

The Exchange does not believe that
its proposal will place any category of
Exchange participants at a competitive
disadvantage. The proposal will merely
ensure that the amount of the SCAR
credit is better aligned with the recently
lowered corresponding credits that BX
provides to its own members that
remove liquidity from that exchange.

As noted above, all members of the
Exchange will benefit from the
protection of the overall quality of the
equity market. Moreover, members are
free to trade on other venues to the
extent they believe that the proposed
credit amount is not attractive. As one
can observe by looking at any market
share chart, price competition between
exchanges is fierce, with liquidity and
market share moving freely between
exchanges in reaction to fee and credit
changes.

Intermarket Competition

The Exchange’s proposal is
pro-competitive in that the proposal will
result in competitive alignment between
the SCAR credit and the amounts of
liquidity removal credits that BX
provides to its own members that
remove liquidity from that exchange.

If the changes proposed herein are
unattractive to market participants, it is
likely that the Exchange will lose
market share as a result. Accordingly,
the Exchange does not believe that the
proposed changes will impair the ability
of members or competing order
execution venues to maintain their
competitive standing in the financial
markets.

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.10

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. Please include File Number SR–
  Phlx–2021–31 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–Phlx–2021–31. This file
number should be included on the
subject line if email is used. To help the
Commission process and review your

7 NetCoalition v. SEC, 615 F.3d 523, 539 (D.C. Cir.
59039 (December 2, 2008), 73 FR 74770, 74782–83
(December 9, 2008)) (quoting Securities Exchange Act
Release No. 51808 (December 9, 2008), 70 FR 37496,
37499 (June 29, 2005)

(June 9, 2005), 70 FR 37496, 37499 (June 29, 2005)
(“Regulation NMS Adopting Release”).

9 See Nasdaq BX Equity 7 (Pricing Schedule),
available at https://listingcenter.nasdaq.com/
rulebook/phlx/rules/Phlx%20Equity%207 [sic].

Notes 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–Phlx–2021–31 and should be submitted on or before June 16, 2021. For the Commission, by the Division of Trading and Markets, pursuant to delegated authority. 1 J. Matthew DeLesDernier, Assistant Secretary.

SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; NYSE Arca, Inc.: Notice of Filing of Proposed Rule Change To List and Trade the Shares of ConvexityShares Daily 1.5x SPIKES Futures ETF Under NYSE Arca Rule 8.200–E (Trust Issued Receipts)

May 20, 2021.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”) 2 and Rule 19b–4 thereunder, notice is hereby given that on May 13, 2021, NYSE Arca, Inc. (“NYSE Arca” or the “Exchange”) filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II 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 list and trade the shares of the following under NYSE Arca Rule 8.200–E, Commentary .02 (“Trust Issued Receipts”): ConvexityShares Daily 1.5x SPIKES Futures ETF. 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 list and trade shares (“Shares”) of the following under NYSE Arca Rule 8.200–E, Commentary .02, which governs the listing and trading of Trust Issued Receipts: ConvexityShares Daily 1.5x SPIKES Futures ETF (the “Fund”).4 The Fund is a series of the ConvexityShares Trust (the “Trust”), a Delaware statutory trust.5 The Fund is managed and controlled by its sponsor and investment manager, ConvexityShares, LLC (the “Sponsor”). The Fund is a commodity pool and the Sponsor is a commodity pool operator subject to regulation by the Commodity Futures Trading Commission (“CFTC”) and the National Futures Association under the Commodity Exchange Act, as amended. U.S. Bank, a national banking association, will provide custody and fund accounting to the Trust and the Fund. Its affiliate, U.S. Bancorp Fund Services, will be the transfer agent (“Transfer Agent”) for Fund Shares and administrator for the Fund. Foreside will serve as the distributor for the Fund (“Distributor”).

According to the Registration Statement, the Fund is benchmarked to the T3 SPIKE Front 2 Futures Index (the “Index”), an investable index of SPIKES futures contracts. The Fund will seek to offer exposure to forward equity market volatility by obtaining exposure to the components of the Index. The Index, as described further below, is intended to reflect the returns that are potentially available through an unleveraged investment in the SPIKES futures contracts comprising the Index.6 The Index consists of short-term SPIKES futures contracts.

1933 Act provides that an “emerging growth company” may confidentially submit to the Commission a draft registration statement for confidential, non-public review by the Commission staff prior to public filing, provided that the initial confidential submission and all amendments thereto shall be publicly filed not later than 21 days before the date on which the issuer conducts a road show, as such term is defined in 1933 Act Rule 433(b)(4). An emerging growth company is defined in Section 2(a)(19) of the 1933 Act as an issuer with less than $1,000,000,000 total annual gross revenues during its most recently completed fiscal year. The Trust meets the definition of an emerging growth company and consequently has submitted its Registration Statement on a confidential basis with the Commission. The Exchange will not commence trading in Shares of the Fund until the Registration Statement becomes effective.

4 The Index is sponsored by Triple Three Partners Pty Ltd, which licenses the use of the Index to its affiliated company, T3i Pty Ltd (Triple Three Partners Pty Ltd and T3i Pty Ltd are collectively referred to herein as “T3 Index” or the “Index Sponsor”). T3 Index maintains a website at https://t3index.com. The Index Sponsor is affiliated with the Sponsor. The Index Sponsor has implemented and will maintain a fire wall with regard to information concerning the composition and/or changes to the Index. In addition, the Index Sponsor has implemented and will maintain procedures that are designed to prevent the use and dissemination of material, non-public information regarding the Index. The Index Sponsor is not registered as an investment adviser or broker-dealer and is not affiliated with any broker-dealer. The Sponsor is not registered as a broker-dealer or affiliated with a broker-dealer. In the event the Sponsor becomes registered as a broker-dealer or affiliated with a broker-dealer, it will implement and maintain a fire wall with respect to its relevant personnel or its broker-dealer affiliate regarding access to and dissemination of material non-public information regarding the Index.

5 On December 15, 2020, ConvexityShares Trust submitted to the Commission its draft registration statement, with respect to the Trust, on Form S–1 (“Registration Statement”) under the Securities Act of 1933 (“1933 Act”). The Jumpstart Our Business Startups Act, enacted on April 5, 2012, added Section 6(e) to the 1933 Act. Section 6(e) of the

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