many speakers will be accommodated as the scheduled time allows.

Staff from the IDA Science and Technology Policy Institute will facilitate the meeting, which will be recorded for use by the Task Force. Participation in a listening session will imply consent to capture participant’s names, voices, and likenesses. Anything said may be recorded and transcribed for use by the Task Force. Moderators will manage the discussion and order of remarks.

Individuals unable to attend the listening sessions or who would like to provide more detailed information may respond to the Request for Information (RFI) to Improve Federal Scientific Integrity Policies that was published in the Federal Register [86 FR 34064, June 28, 2021].

Dated: July 13, 2021.
Stacy Murphy,
Operations Manager.

[FR Doc. 2021–15309 Filed 7–19–21; 8:45 am]
BILLING CODE 3270–F1–P

SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Its Fee Schedule To Eliminate the Opt-In Functionality Offered Under the Lead Market Maker Pricing

July 14, 2021.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"), and Rule 19b–4 thereunder, notice is hereby given that on July 12, 2021, Cboe BZX Exchange, Inc. ("Exchange" or "BZX") 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

Cboe BZX Exchange, Inc. (the "Exchange" or "BZX") is filing with the Securities and Exchange Commission ("Commission") a proposed rule change to amend the Fee Schedule. The text of the proposed rule change is provided in 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/), 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 Exchange proposes to amend the Fee Schedule applicable to its equities trading platform ("BZX Equities") to eliminate the opt-in functionality offered under the Lead Market Maker ("LMM") Pricing provided under footnote 14. Specifically, the Exchange is proposing to automatically provide an LMM with the greater of the LMM Liquidity Provision Rates or the LMM Add Liquidity Rebate instead of requiring an LMM to opt-in.

The Exchange currently offers a comprehensive liquidity provision program to incentivize LMMs to provide enhanced market quality across all BZX-listed securities. Specifically, as provided in paragraph (A) of footnote 14, the Exchange offers the LMM Liquidity Provision Rates which provide LMMs daily incentives that are based on whether the LMM meets certain performance based criteria (i.e., the applicable Minimum Performance Standard).

2. Statutory Basis for, the Proposed Rule Change

The Exchange initially filed the proposed fee changes July 1, 2021 (SR-CboeBZX–2021–049). On July 12, 2021, the Exchange withdrew that filing and submitted this proposed rule change.

As defined in Rule 11.8(e)(1)(E), the term "Minimum Performance Standards" means a set of standards applicable to an LMM that may be determined from time to time by the Exchange. Such standards will vary between LMM Securities depending on the price, liquidity, and volatility of the LMM Security in which the LMM is registered. The performance measurements will include: (A) Percent of time at the NBBO; (B) percent of executions better than the NBBO; (C) average displayed size; and (D) average quoted spread.

The current Minimum Performance Standards include: (i) Registration as a market maker in good standing with the Exchange; (ii) time at the inside requirements (generally between 1% and 5% of Regular Trading Hours for Qualified Securities and between 5% to 50% for Enhanced Securities, depending on the average daily volume of the applicable LMM Security); (iii) acquisition participation requirements (generally requiring that the auction price is between 3% and 5% of the last Reference Price, as defined in Rule 11.23(a)(19), for a Qualified Security and 1%–3% for an Enhanced Security (the "Enhanced Auction Range"); (iv) market-wide NBBO and NBO spread and size requirements (generally requiring between 200 and 750 shares at both the NBBO and NBO for both Qualified Securities and Enhanced Securities with an NBBO spread between 1% and 10% for a Qualified Security and 25% to 4% for Enhanced Securities, depending on price of the security and underlying asset class); and (v) depth of book requirements (generally requiring between $25,000 and $250,000 of displayed posted liquidity for both Qualified Securities and Enhanced Securities within 1% to 10% of both the NBBO and NBO for Enhanced Securities, depending on price of the security and underlying asset class), See Securities Exchange Act No. 86213 (June 27, 2019) 84 FR 31951 (July 3, 2019) [SR-CboeBZX–2019–058] (the "Original Filing"). The Exchange notes that as of February 1, 2021, the Enhanced Auction Range will be .50%–3%. The Original Filing provides that "if [a]uction diverging significantly from the ranges described above, the Exchange will submit a rule filing to the Commission describing such proposed changes." The Exchange does not believe that this change represents a "significant divergence" but is instead noting the change in order to provide transparency regarding the current state of the Minimum Performance Standards.

4 An "Enhanced Security" refers to a BZX-listed security which meets certain enhanced qualifying market quality standards.

5 "CADV" means consolidated average daily volume calculated as the average daily volume reported for a security by all exchanges and trade reporting facilities to a consolidated transaction reporting plan for the three calendar months preceding the month for which the fees apply and excludes volume on days when the market closes early and on the Russell Reconstitution Day.
venues. Specifically, the LMM Add Liquidity Rebate encourages LMMs to meet the Minimum Performance Standards for Qualified Securities, but also provides the potential for additional incentives for higher volume securities.

As currently constructed, an LMM in an ALR Security that wants to participate must proactively opt-in to the program using the Exchange’s ETP Portal. Further, an LMM that opts in to the LMM Add Liquidity Rebate program will receive the LMM Add Liquidity Rebate regardless of whether they would have been better off receiving the LMM Liquidity Provision Rates.

Now, the Exchange proposes to eliminate the opt-in requirement, and instead proposes to automatically apply either the LMM Add Liquidity Rebate or LMM Liquidity Provision Rates for each ALR Security based on whichever would result in a greater total rebate in a particular calendar month. In determining the applicable rebate on a monthly basis for each ALR Security, the Exchange will choose the greater of:

(i) The monthly total LMM Liquidity Provision Rates + (the applicable per share rebate that the LMM would receive for adding liquidity in the ALR Security x the number of shares for which the LMM added liquidity in the ALR Security); and (ii) $0.0039 x the number of shares for which the LMM added liquidity in the ALR Security. If an LMM Security does not meet the CADV requirement to be an ALR Security and become eligible to receive the LMM Add Liquidity Rebate, the LMM will continue to be subject to the LMM Liquidity Provision Rates by default.

2. Statutory Basis

The Exchange believes that the proposed rule changes are consistent with the objectives of Section 6 of the Act, in general, and further the objectives of Section 6(b)(4) and 6(b)(5), 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 also notes that its listing business operates in a highly competitive market in which market participants, which includes both issuers and LMMs, can readily transfer their listings or opt not to participate, respectively, if they deem fee levels, liquidity provision incentive programs, or any other factor at a particular venue to be insufficient or excessive. The LMM pricing as a whole reflects a competitive pricing structure designed to incentivize issuers to list new products and transfer existing products to the Exchange and market participants to enroll and participate as LMMs on the Exchange, which the Exchange believes will enhance market quality in all securities listed on the Exchange. The proposed amendment to the program is designed to provide an automated value-add service to LMMs without changing the pricing structure of the program.

The Exchange believes that the proposal is reasonable because it provides a value-added service to LMMs without changing the fees and rebates applicable to LMMs under footnote 14 of the fee schedule. Specifically, the proposal will streamline the LMM pricing process by eliminating the requirement that an LMM opt-in to the LMM Add Liquidity Rebate. As described above, under the proposal an LMM would also no longer have to consider whether it would receive higher incentives under the LMM Liquidity Provision Rates or the LMM Add Liquidity Rebate on a per security and per month basis. Instead, the Exchange will automatically apply whichever rate is greater in that ALR Security for the month. Further, as noted above, the marketplace for listings is extremely competitive and there are several other national securities exchanges that offer listings. Transfers between listing venues occur frequently for numerous reasons, including market quality. The proposal is designed to enhance the existing LMM program and is intended to help the Exchange compete as a listing venue by streamlining the process for LMMs to maximize their incentives. Further, the proposal does not change any of the existing LMM fees or incentives provided under footnote 14.

The Exchange believes the LMM Add Liquidity Rates coupled with the LMM Liquidity Provision Rates will continue to create a comprehensive incentive structure that encourages participation and, further, competition among LMMs. The proposal is intended to enhance the existing incentive structure, and encourage participation among LMMs. The Exchange believes that increased participation among LMMs will result in better market quality across all of its listings, resulting in greater market quality to the benefit of investors and other market participants.

The Exchange believes that the proposal represents an equitable allocation of payments and is not unfairly discriminatory because, while the LMM pricing is currently and will continue to apply only to LMMs, such LMMs must meet rigorous Minimum Performance Standards in order to receive the rebates provided under footnote 14. Where an LMM does not meet the Minimum Performance Standards for the applicable LMM Security, they will not be eligible for those rebates. Further, registration as an LMM is available equally to all Members and allocation of listed securities between LMMs is governed by Exchange Rule 11.8(e)(2). If an LMM does not meet the Minimum Performance Standards for three out of the past four months, the LMM is subject to forfeiture of LMM status for that LMM Security, at the Exchange’s discretion. As discussed above, the proposed change merely eliminates the requirement that an LMM opt-in to the LMM Add Liquidity Rebate instead will automatically provide an LMM with the greater of the LMM Liquidity Provision Rates or the LMM Add Liquidity Rebate.

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

The Exchange does not believe that the proposed rule changes will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe the proposed change burdens competition, but rather, enhances competition as it is intended to increase the competitiveness of BZX listed securities and as a listing venue by enhancing market quality in BZX-listed securities. The marketplace for listings is extremely competitive and there are several other national securities exchanges that offer listings. Transfers between listing venues occur frequently for numerous reasons, including market quality. This proposal is intended to help the Exchange compete as a listing venue. Accordingly, the Exchange does not believe that the proposed change will impair the ability of issuers, LMMs, or competing listing venues to maintain their competitive standing. The Exchange does not believe the proposed amendment would burden intra-market competition as it would be available to all Members uniformly. Registration as an LMM is available

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*9 15 U.S.C. 78f(b)(4) and (5).

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10 As defined in Rule 11.8(e)(1)(E), the term “Minimum Performance Standards” means a set of standards applicable to an LMM that may be determined from time to time by the Exchange. Such standards will vary between LMM Securities depending on the price, liquidity, and volatility of the LMM Security in which the LMM is registered. The performance measurements will include: (A) Percent of time at the NBBO; (B) percent of executions better than the NBBO; (C) average displayed size; and (D) average quoted spread.[sic]
equally to all Members and allocation of listed securities between LMMs is
governed by Exchange Rule 11.8(e)(2). Further, if an LMM does not meet the
Minimum Performance Standards for three out of the past four months, the
LMM is subject to forfeiture of LMM status for that LMM Security, at the
Exchange’s discretion.

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

The Exchange neither solicited nor
received comments on the proposed
rule change.

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 11 and paragraph (f) of Rule
19b-4 12 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. Please include File Number SR–
  CboeBZX–2021–050 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–CboeBZX–2021–050. This
file number should be included on the
subject line if email is used. To help the
Commission process and review your


change as described in Items I and II
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
Equity 4, Rule 4703,2 in light of planned
changes to the System, as described
further below. The text of the proposed
rule change is available on the
Exchange’s website at https://
listingcenter.nasdaq.com/rulebook/bx/
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

Presently, the Exchange is making
functional enhancements and
improvements to specific Order
Attributes 4 that are currently only
available via the RASH Order entry
protocol.5 Specifically, the Exchange
will be upgrading the logic and
implementation of these Order Types
and Order Attributes so that the features
are more streamlined across the
Exchange Systems and order entry

4 An “Order Attribute” is a set of variable
instructions that may be associated with an Order
to further define how it will behave with respect to
pricing, execution, and/or posting to the Exchange
Book when submitted to the System. See Equity 1,
Section 4(a)(11).
5 The RASH (Routing and Special Handling)
Order entry protocol is a proprietary protocol that
allows members to enter Orders, cancel existing
Orders and receive executions. RASH allows
participants to use advanced functionality,
including discretion, random reserve, pegging and
routing. See http://nasdaqtrader.com/content/
technicalsupport/specifications/TradingProducts/
rash_sh.pdf.

2 References herein to BX Rules in the 4000 Series
shall mean Rules in BX Equity 4.

3 The RASH (Routing and Special Handling)
Order entry protocol is a proprietary protocol that
allows members to enter Orders, cancel existing
Orders and receive executions. RASH allows
participants to use advanced functionality,
including discretion, random reserve, pegging and
routing. See http://nasdaqtrader.com/content/
technicalsupport/specifications/TradingProducts/
rash_sh.pdf.