

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–82300; File No. SR–CboeEDGX–2017–004]

### Self-Regulatory Organizations; Cboe EDGX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Related to Fees for Use on the Cboe EDGX Exchange, Inc. Equity Option Platform

December 12, 2017.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19b–4 thereunder,<sup>2</sup> notice is hereby given that on December 1, 2017, Cboe EDGX Exchange, Inc. (the “Exchange” or “EDGX”) 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 Exchange has designated the proposed rule change as one establishing or changing a member due, fee, or other charge imposed by the Exchange under Section 19(b)(3)(A)(ii) of the Act<sup>3</sup> and Rule 19b–4(f)(2) thereunder,<sup>4</sup> which renders the proposed rule change effective upon filing with the Commission. 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 filed a proposal to amend the fee schedule applicable to Members<sup>5</sup> and non-Members of the Exchange pursuant to EDGX Rules 15.1(a) and (c).

The text of the proposed rule change is available at the Exchange’s website at [www.markets.cboe.com](http://www.markets.cboe.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 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 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 Exchange proposes to modify the Fee Schedule applicable to the Exchange’s equity options platform (“EDGX Options”) to modify the description of certain pricing applicable to complex orders on EDGX Options.

The Exchange recently began accepting complex orders in connection with the launch of the EDGX Options complex order book (“COB”).<sup>6</sup> In turn, the Exchange adopted base fees and rebates applicable to complex orders to accommodate the acceptance of complex orders,<sup>7</sup> and then adopted various tiers to incentivize the entry of complex orders to the Exchange.<sup>8</sup> In connection with such pricing, the Exchange adopted certain pricing applicable to Non-Customer<sup>9</sup> orders which trade against Non-Customers that is variable depending on whether an order adds or removes liquidity. In particular, fee codes ZF, ZG, ZH and ZJ are assigned depending on whether an order added (ZF and ZH) or removed (ZG and ZJ) liquidity.

The Exchange proposes to add additional language to footnote 8 of the fee schedule to make clear when it considers an order to have added or removed liquidity when an order is executed in a Complex Order Auction. Specifically, as proposed, footnote 8 would state the following:

- For an execution that occurs within a Complex Order Auction (“COA”) against an unrelated order received after the COA was initiated or a COA response, for the purpose of assigning fee codes the initiating order is

considered the adder and the unrelated order or COA response is considered the remover.

- For an execution that occurs within a COA against an unrelated order that was resting on the Exchange’s order book when the COA was initiated, for the purpose of assigning fee codes the initiating order is considered the remover and the unrelated order is considered the adder.

The Exchange proposes this method of assigning add and remove to provide the status of adder to the order that should be considered “first” as between an order that initiates a COA or an unrelated order posted to the Exchange’s order book. There are no cases in which an order that responds to a COA would be considered the adder of liquidity as, by definition, a response to a COA is always received after a COA has been initiated. The Exchange is not proposing to modify any of the rates applicable to complex orders processed by the Exchange.

###### Implementation Date

The Exchange proposes to implement the proposed changes immediately.

###### 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6 of the Act.<sup>10</sup> Specifically, the Exchange believes that the proposed rule change is consistent with Section 6(b)(4) of the Act,<sup>11</sup> in that it provides for the equitable allocation of reasonable dues, fees and other charges among Members and other persons using any facility or system which the Exchange operates or controls.

In particular, the Exchange believes that the proposed fee change is reasonable and equitably allocated as it will make clear in the context of the COA process the orders that will be assigned fee codes for orders that add liquidity and those that will be assigned fee codes for orders that remove liquidity. The Exchange further believes that the process of assigning status as adder to the order that was first between an order that initiates a COA or an order posted to the Exchange’s order book is a reasonable implementation that is analogous to how such status is applied by the Exchange with respect to trading on the Exchange generally. The Exchange further believes the proposal

<sup>6</sup> See Securities Exchange Act Release No. 81891 (October 17, 2017) (SR–BatsEDGX–2017–29) (order approving rules for EDGX complex order book).

<sup>7</sup> The Exchange initially filed to adopt complex order pricing on October 23, 2017 (SR–BatsEDGX–2017–42). On October 31, 2017 the Exchange withdrew SR–BatsEDGX–2017–42 and submitted a filing to replace such filing (SR–BatsEDGX–2017–48).

<sup>8</sup> The Exchange initially filed to adopt tiers for its complex order pricing on November 1, 2017 (SR–BatsEDGX–2017–49). On November 8, 2017 the Exchange withdrew SR–BatsEDGX–2017–49 and submitted a filing to replace such filing (SR–BatsEDGX–2017–50).

<sup>9</sup> “Non-Customer” applies to any transaction that is not a Customer order. See the Exchange’s fee schedule available at [http://markets.cboe.com/us/options/membership/fee\\_schedule/edgx](http://markets.cboe.com/us/options/membership/fee_schedule/edgx).

<sup>10</sup> 15 U.S.C. 78f.

<sup>11</sup> 15 U.S.C. 78f(b)(4).

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

<sup>2</sup> 17 CFR 240.19b–4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>4</sup> 17 CFR 240.19b–4(f)(2).

<sup>5</sup> The term “Member” is defined as “any registered broker or dealer that has been admitted to membership in the Exchange.” See Exchange Rule 1.5(n).

is not unreasonably discriminatory because the process for assigning add and remove values is equally applied to all Members.

#### *B. Self-Regulatory Organization's Statement on Burden on Competition*

The Exchange believes the proposed amendment to its fee schedule would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposed change to add language to the Exchange's fee schedule burdens competition, but instead, improves the transparency and clarity of the Exchange's fee schedule. Further, the Exchange does not believe that the assignment of status as adder or remover burdens competition as between Members that submit orders to the Exchange that post to the Exchange's order book and Members that submit orders that initiate COAs because the process of assigning adder and remover status is clearly delineated in the fee schedule and is reasonable for the reasons described above.

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

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any written comments from members or other interested parties.

### **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<sup>12</sup> and paragraph (f) of Rule 19b-4 thereunder.<sup>13</sup> 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.

### **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](mailto:rule-comments@sec.gov). Please include File Number SR-CboeEDGX-2017-004 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-CboeEDGX-2017-004. 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 such 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-CboeEDGX-2017-004, and should be submitted on or before January 8, 2018.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>14</sup>

**Robert W. Errett,**

*Deputy Secretary.*

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<sup>14</sup> 17 CFR 200.30-3(a)(12).

## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-82298; File No. SR-NYSEARCA-2017-135]

### **Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend the NYSE Arca Options Fees and Charges Schedule and the NYSE Arca Equities Fees and Charges Schedule Relating to Co-location Services To Implement a Fee Change for Fiber Cross Connects**

December 12, 2017.

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 ("Act")<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that, on November 29, 2017, NYSE Arca, Inc. ("Exchange" or "NYSE Arca") 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 amend the NYSE Arca Options Fees and Charges schedule and the NYSE Arca Equities Fees and Charges schedule (together, the "Fee Schedules") relating to co-location services to implement a fee change for fiber cross connects. The Exchange proposes to implement the proposed change on January 1, 2018. 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,

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

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.

<sup>12</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>13</sup> 17 CFR 240.19b-4(f).