SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; NYSE American LLC; Notice of Filing and Immediate Effectiveness of Proposed Change To Modify the NYSE American Options Fee Schedule

May 9, 2018.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”) and Rule 19b–4 thereunder, notice is hereby given that, on April 30, 2018, NYSE American LLC (the “Exchange” or “NYSE American”) filed with the Securities and Exchange Commission (the “Commission”) a proposed rule change to modify the Monthly Excessive Bandwidth Utilization Fees (“EBUF”). The Exchange proposes to modify the calculation basis for the Messages Fee. Currently, the Exchange charges an ATP Holder a fee of $0.005 per 1,000 messages (including orders or quotes) in excess of 3 billion messages in a calendar month if the ATP Holder does not execute at least one contract for every 5,000 messages entered. In order for the Exchange to have flexibility to adjust the threshold level to reflect market conditions and current business activity, the Exchange proposes to amend the current rule text in the Fee Schedule to remove reference to the current threshold level of 3 billion messages and replace it with language providing that the level “would be no less than 2 billion messages and no more than 10 billion messages.” The Exchange is not proposing to change the current level, which would remain at 3 billion messages. If the Exchange were to change the level, the Exchange would announce any such change by Trader Update and the revised threshold would be applicable for the next calendar month.

The Exchange also proposes to modify the manner in which the Messages Fee is calculated to encourage quote quality. Specifically, the Exchange proposes to exclude from the Messages to Contracts Traded Ratio calculation any quotes that sets or matches the National Best Bid-Offe (“NBBO”) market at the time the quotes are received. The Exchange believes that such exclusion will encourage Market Makers to submit tighter quotes without the risk that such quotes would result in increased fees. The proposed revised calculation would also keep Market Makers from submitting wide quotes to avoid excessive messaging.

Additionally, the Exchange proposes to exclude from the Messages to Contracts Traded Ratio calculation any quote in a Specialist’s or e-Specialist’s allocated issues. Specialists and e-Specialists have a heightened Regulatory obligation to make markets in their allocated issues. Unlike other Market Makers, Specialists and e-Specialists cannot relinquish issues from their allocation without the approval of the Exchange.

I. Purpose

The purpose of this filing is to modify the Fee Schedule, effective May 1, 2018. Specifically, the Exchange proposes to modify the Monthly Excessive Bandwidth Utilization Fees (“EBUF”). Currently, EBUF is assessed to an ATP Holder for submitting orders in an order-to-execution ratio greater than 10,000 over the course of a calendar month (“Orders Fee”), or for submitting in excess of 3 billion messages (either orders or quotes) without executing at least one contract for every 1,500–5,000 messages (“Messages Fee”). If an ATP Holder is liable for either or both fees in a given month, that firm is only charged the greater of the two fees.

The Exchange has found that firms may have assessable behavior for an anomaly that takes place over the course of a day or two, or that occurs late in the month before the anomalous behavior can be fully diagnosed and mitigated. Because the firms recognize this as affecting their own efficiency, they address such issues quickly and work with Exchange staff to improve their messaging behavior. The Exchange notes that in a recent period of high volatility, firms were quick to address potential EBUF charges. To encourage a collegial effort in resolving such anomalies, the Exchange proposes that the EBUF only be charged for the second and any subsequent instance in a rolling 12-month period. In other words, EBUF would not be assessed for the first occurrence in a rolling 12-month period.

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II. Proposed Change To Modify the NYSE American Options Fee Schedule

The Exchange proposes to modify the NYSE American Options Fee Schedule (‘‘Fee Schedule’’). The Exchange proposes to implement the fee change effective May 1, 2018. 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.

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Additionally, the Exchange proposes to exclude from the Messages to Contracts Traded Ratio calculation any quote in a Specialist’s or e-Specialist’s allocated issues. Specialists and e-Specialists have a heightened Regulatory obligation to make markets in their allocated issues. Unlike other Market Makers, Specialists and e-Specialists cannot relinquish issues from their allocation without the approval of the Exchange.
The Exchange notes that failure to mitigate excessive message traffic by a Specialist or e-Specialist can be addressed by the Exchange by disqualification due to operational change warranting immediate action.

During the period of recent volatility and activity, the Exchange noted a significantly higher number of messages generated without a proportional amount of executed volume, especially in less active-option issues.

Concurrently, the Exchange saw no degradation in system performance because of prudent upgrades and expansion of the trading system in the past year. Thus, the Exchange believes that the proposed modifications would continue to encourage market participants to be rational and efficient in the use of the Exchange’s system capacity. The Exchange believes that the proposed modifications should also reduce the possibility of charging ATP Holders a Messages Fee for messages designed to help maintain accurate and liquid markets with narrower spreads.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act, and furthers the objectives of Sections 6(b)(4) and (5) of the Act, because it provides for the equitable allocation of reasonable dues, fees, and other charges among its members, issuers and other persons using its facilities and does not unfairly discriminate between customers, issuers, brokers or dealers.

The Exchange believes that the proposed modifications to the Fees are reasonable, equitable, and not unfairly discriminatory because the proposed changes would continue to encourage market participants to be rational and efficient in the use of the Exchange’s system capacity, which would benefit all market participants. The Exchange believes that assessing the Fees only after the second instance in a rolling twelve month period is reasonable because it would encourage participants to work with the Exchange staff to mitigate the issues while not having a deleterious effect on market quality or participation.

The Exchange believes setting the threshold for the Messages Fee to be


within a range is reasonable because it would provide the Exchange with flexibility to respond to changing market and business conditions in an expeditious manner which the Exchange believes would help perfect the mechanism for a free and open national market system, and generally help protect investors and the public interest.

The proposed adjustments to the manner in which the Messages Fee is calculated are reasonable because the proposed changes would encourage Market Makers to submit tighter quotes without the risk that such quotes would result in increased fees. The proposed adjustments are also not unfairly discriminatory as the proposed changes would apply to all similarly situated market participants that are subject to the Messages Fee on an equal basis while encouraging quotes that are competitive and that increase the overall quality of markets.

Finally, the Exchange believes the exclusion of Specialist and e-Specialist quotes in their appointed issues is reasonable, equitable and not unfairly discriminatory because Specialists and e-Specialists have a heightened quoting obligation than other market participants and cannot relinquish allocation of their issues as easily as Market Makers are able to increase or decrease their appointments.

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

In accordance with Section 6(b)(8) of the Act, 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. The Exchange believes the proposed changes to the Excessive Bandwidth Utilization Fees would not place an unfair burden on competition because the proposed changes are designed to encourage efficient use of Exchange’s system capacity and would apply to all market participants that are subject to the Fees.

To the extent that these purposes are achieved, the Exchange believes that the proposed changes would enhance the quality of the Exchange’s markets and increase the volume of orders directed to the Exchange. In turn, all the Exchange’s market participants would benefit from the improved market liquidity. If the proposed changes make the Exchange a more attractive marketplace for market participants at other exchanges, such market participants are welcome to become ATP Holders.

The Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues. In such an environment, the Exchange must continually review, and consider adjusting, its fees and credits to remain competitive with other exchanges. For the reasons described above, the Exchange believes that the proposed rule change reflects this competitive environment.

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

The foregoing rule change is effective upon filing pursuant to Section 19(b)(3)(A) of the Act and subparagraph (f)(2) of Rule 19b–4 thereunder, because it establishes a due, fee, or other charge imposed by the Exchange.

At any time within 60 days of the filing of such 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 under Section 19(b)(2)(B) of the Act 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-NYSEMER–2018–20 on the subject line.

ACTION: Notice.

Notice of an application for an order under sections 12(d)(1)(J), 57(c), 57(i) and 60 of Investment Company Act of 1940 (the “Act”) and rule 17d–1 under the Act to permit certain joint transactions otherwise prohibited by sections 12(d)(1)(A), 12(d)(1)(C), 57(a)(1), 57(a)(2) and 57(a)(4) of the Act and rule 17d–1 under the Act.

APPLICANTS: TCW Direct Lending LLC (the “Fund”), TCW Middle Market Lending Opportunities BDC, Inc. (the “Extension Fund”), and TCW Asset Management Company (the “Advisor”).

SUMMARY OF APPLICATION: Applicants seek an order to permit the Fund (i) to conduct an exchange offer pursuant to which investors in the Fund ("Unitholders"), including certain directors and officers of the Adviser (collectively, the “TCW Directors, Officers and Employees”), may elect to exchange all or a portion of their units in the Fund ("Units") for an equivalent number of shares ("Shares") in the Extension Fund (each such Unitholder, an "Elected Unitholder") and (ii) to transfer to the Extension Fund a pro rata portion of the Fund’s assets and liabilities, including a pro rata portion of each of the Fund’s portfolio investments, in proportion to the percentage of Units tendered and accepted for exchange.

FILING DATES: The application was filed on April 20, 2017, and amended on October 16, 2017, May 3, 2018, and May 9, 2018.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Commission’s Secretary and serving applicants with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on May 30, 2018, and should be accompanied by proof of service on the applicants, in the form of an affidavit, or, for lawyers, a certificate of service. Pursuant to section 0–5 under the Act, hearing requests should state the nature of the writer’s interest, any facts bearing upon the desirability of a hearing on the matter, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the Commission’s Secretary.

ADDRESS: Secretary, U.S. Securities and Exchange Commission ("Commission").

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

Eduardo A. Aleman,
Assistant Secretary.

[FR Doc. 2018–10263 Filed 5–14–18; 8:45 am]

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SEcurities AND EXCHANGE COMMISSION

[Investment Company Act Release No. 33094; File No. 812–14765]

TCW Direct Lending LLC, et al.;

May 9, 2018.

AGENCY: Securities and Exchange Commission (“Commission”).