

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-NYSENAT-2018-23 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-NYSENAT-2018-23. 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 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-NYSENAT-2018-23 and should be submitted on or before November 13, 2018.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>16</sup>

**Eduardo A. Aleman,**  
*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-84431; File No. SR-CboeEDGX-2018-046]

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

October 16, 2018.

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 October 1, 2018, 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 Exchange's fee schedule applicable to its equities trading platform ("EDGX Equities") to eliminate the Investor Depth Tier.

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 the Statutory Basis for, the Proposed Rule Change

##### 1. Purpose

The EDGX Equities fee schedule offers seven Add Volume Tiers that provide enhanced rebates, ranging from of \$0.0025 to \$0.0032 per share, for displayed orders that add liquidity in Tapes A, B, and C and yield fee codes B,<sup>5</sup> V,<sup>6</sup> Y,<sup>7</sup> 3<sup>8</sup> and 4.<sup>9</sup> The purpose of the proposed rule change is to amend the EDGX Equities fee schedule to eliminate the Investor Depth Tier as this tier has not been successful in attracting the required order flow to the Exchange. Currently, under the Investor Depth Tier a Member is eligible for an enhanced rebate of \$0.0031 per share where that Member: (i) Adds an average daily volume ("ADV")<sup>10</sup> greater than or equal to 0.12% of the total consolidated volume ("TCV");<sup>11</sup> (ii) has an "added liquidity" as a percentage of "added plus removed liquidity" greater than or equal to 85%; and (iii) adds an ADV greater than or equal to 400,000 shares as non-displayed orders that yield fee code HA,<sup>12</sup> HI,<sup>13</sup> and/or MM.<sup>14</sup> The Investor Depth Tier was designed to encourage Members to bring a

<sup>5</sup> "B" is associated with displayed orders that add liquidity on EDGX for Tape B.

<sup>6</sup> "V" is associated with displayed orders that add liquidity on EDGX for Tape A.

<sup>7</sup> "Y" is associated with displayed orders that add liquidity on EDGX for Tape C.

<sup>8</sup> "3" is associated with displayed orders that add liquidity on EDGX for Tape A or C during the post-market or pre-market trading sessions.

<sup>9</sup> "4" is associated with displayed orders that add liquidity on EDGX for Tape B during the post-market or pre-market trading sessions.

<sup>10</sup> "ADV" means average daily volume calculated as the number of shares added to, removed from, or routed by, the Exchange, or any combination or subset thereof, per day. ADV is calculated on a monthly basis.

<sup>11</sup> "TCV" means total consolidated volume calculated as the volume reported by all exchanges and trade reporting facilities to a consolidated transaction reporting plan for the month for which the fees apply.

<sup>12</sup> "HA" is associated with non-displayed orders that add liquidity on EDGX.

<sup>13</sup> "HI" is associated with non-displayed orders that add liquidity on EDGX and receive price improvement.

<sup>14</sup> "MM" is associated with non-displayed orders that add liquidity on EDGX using a Mid-Point Peg.

<sup>16</sup> 17 CFR 200.30-3(a)(12).

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

<sup>17</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).

combination of displayed and non-displayed order flow to the Exchange. As the Exchange does not believe that this tier has been successful in attracting the required order flow, the Exchange proposes to eliminate the Investor Depth Tier. Members that meet the requirements of the remaining six Add Volume Tiers will continue to receive rebates pursuant to those tiers. Furthermore, Members that do not meet the requirements for any of the Add Volume Tiers will continue to be paid the standard rebate of \$0.0020 applicable to fee codes B, V, Y, 3 and 4.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6 of the Act,<sup>15</sup> in general, and Section 6(b)(4) of the Act,<sup>16</sup> in particular, in that 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 believes that the proposed elimination of the Investor Depth Tier is reasonable and equitable as this tier has not been successful in attracting the required order flow to the Exchange. As explained in the purpose section of this proposed rule change, the Exchange offers a range of Add Volume Tiers that provide enhanced rebates to qualifying displayed orders that add liquidity in Tape A, B, and C securities. These tiers are designed to encourage more active participation on the Exchange by providing higher rebates to Members that meet specified requirements. The Investor Depth Tier, in particular, was designed to encourage Members to bring different types of order flow to the Exchange, including both displayed and non-displayed liquidity. However, this tier has not been successful in attracting the required order flow. The Exchange therefore believes that it is appropriate to eliminate this tier at this time. The Exchange also believes that the proposed fee change is equitable and not unfairly discriminatory as it applies to all Members on an equal basis. With the proposed change, no Member would be eligible for an enhanced rebate based on meeting the requirements of the eliminated Investor Depth Tier. Members will continue to be able to achieve enhanced rebates for displayed orders that add liquidity by meeting the requirements of any of the six remaining Add Volume Tiers. In addition, Members that do not meet the requirements for any of the Add Volume

Tiers will continue to be paid the standard rebate applicable to fee codes B, V, Y, 3 and 4.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended. The proposed elimination of the Investor Depth Tier is designed to remove an incentive that the Exchange believes was not successful, and will apply to all Members. The Exchange operates in a highly competitive market in which market participants can readily direct their order flow to competing venues. In such an environment, the Exchange must continually review, and consider adjusting, its fees and rebates to remain competitive with other exchanges. For the reasons described above, the Exchange believes that the proposed fee changes reflect 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 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) of the Act<sup>17</sup> and paragraph (f) of Rule 19b-4 thereunder.<sup>18</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

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- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-

CboeEDGX-2018-046 on the subject line.

### Paper Comments

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For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>19</sup>

**Eduardo A. Aleman,**

*Assistant Secretary.*

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

<sup>16</sup> 15 U.S.C. 78f(b)(4).

<sup>17</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>18</sup> 17 CFR 240.19b-4(f).

<sup>19</sup> 17 CFR 200.30-3(a)(12).