

freely between exchanges in reaction to fee and credit changes. This is in addition to free flow of order flow to and among off-exchange venues which comprised more than 37% of industry volume for the month of July 2019.

The Exchange's proposal to raise the qualification requirement for its \$0.00305 per share executed credit is procompetitive in that it is intended to increase liquidity on the Exchange and thereby render the Exchange a more attractive and vibrant venue to market participants.

Similarly, the proposed amendments to the Exchange's schedule of credits applicable to Non-Displayed Orders (other than Supplemental Orders) is not a burden on competition because the Exchange has limited resources to apply as credits and such resources must be applied in a manner that the Exchange believes will best improve market quality thereon. The Exchange believes that providing credits to members that are already receiving price improvement is not the most efficient allocation of such limited resources, since such Orders already receive the benefits of price improvement and free execution, and thus do not need to be incentivized. Instead, this proposal will allow the Exchange to apply its limited resources to other areas wherein it can promote market-improving behavior by its participants. In doing so, the proposed changes again have the potential to make the Exchange a more attractive trading venue, and consequently may promote competition among markets.

In sum, if the change proposed herein is 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 change 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.<sup>11</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: (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](mailto:rule-comments@sec.gov). Please include File Number SR-NASDAQ-2019-094 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-NASDAQ-2019-094. 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-NASDAQ-2019-094 and should be submitted on or before January 6, 2020.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>12</sup>

**J. Matthew DeLesDernier,**  
*Assistant Secretary.*

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BILLING CODE 8011-01-P

**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-87704; File No. SR-BOX-2019-35]

**Self-Regulatory Organizations; BOX Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the Fee Schedule on the BOX Options Market LLC ("BOX") Facility To Remove the QOO Order Rebate Cap**

December 10, 2019.

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 November 27, 2019, BOX Exchange LLC (the "Exchange") 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 filed the proposed rule change pursuant to 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 proposal 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 the Substance of the Proposed Rule Change**

The Exchange is filing with the Securities and Exchange Commission ("Commission") a proposed rule change to amend the Fee Schedule to amend the Fee Schedule on the BOX Options Market LLC ("BOX") facility. While changes to the Fee Schedule pursuant to this proposal will be effective upon filing, the changes will become operative on December 2, 2019. The text of the proposed rule change is available from the principal office of the

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

<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>11</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

Exchange, at the Commission's Public Reference Room and also on the Exchange's internet website at <http://boxexchange.com>.

## 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 Section II.C (QOO Order Rebate) of the BOX Fee Schedule. Specifically, the Exchange proposes to remove the monthly rebate cap of \$30,000 per month per Broker Dealer. Currently, Floor Brokers are eligible to receive a \$0.075 per contract rebate for all QOO Orders executed on the BOX Trading Floor. The rebate is not applied to Public Customer executions, executions subject to the Strategy QOO Order Fee Cap, or Broker Dealer executions where the Broker Dealer is facilitating a Public Customer.

The Exchange notes that it is not making any other changes to the QOO Order Rebate, and that the QOO rebate will continue to apply to both sides of the paired QOO Order. The rebate will not apply to Public Customer executions, executions subject to the Strategy QOO Order Fee Cap, or Broker Dealer executions where the Broker Dealer is facilitating a Public Customer.

#### 2. Statutory Basis

The Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Act, in general, and Section 6(b)(4) and 6(b)(5) of the Act,<sup>5</sup> in particular, in that it provides for the equitable allocation of reasonable dues, fees, and other charges among BOX Participants and other persons using its facilities and does not unfairly discriminate between customers, issuers, brokers or dealers.

BOX established the QOO Order Rebate program and the monthly rebate

cap in August 2017.<sup>6</sup> As discussed in the 2017 proposal to establish the QOO Order Rebate program and rebate cap, the rebate was created to incentivize order flow to the BOX Trading Floor. Unlike competing exchanges, the Exchange does not offer a front-end order entry on the BOX Trading Floor. With this Participants have two possible means of bringing orders to the Exchange's Trading Floor for possible execution: (1) They can invest in the technology, systems and personnel to participate on the Trading Floor and deliver the order to the Exchange matching engines for validation and execution; or (2) they can utilize the services of another Participant acting as a Floor Broker. The QOO Order Rebate program was established to attract order flow by rewarding Floor Brokers with rebates for directing qualifying orders to the BOX Trading Floor.

The Exchange now believes that removing the rebate cap is reasonable, because it will continue to allow Floor Brokers to price their services at a level that would enable them to attract increased QOO order flow from market participants who might otherwise utilize the front-end order entry mechanism offered by the Exchange's competitors, instead of incurring the cost in time and resources to install and develop their own internal systems to deliver QOO orders directly to the Exchange system. As such, the Exchange believes it is beneficial from a competitive standpoint to continue to offer the rebate to the executing Floor Broker on a QOO order without capping the dollar amount allowed for the rebate. Further, the Exchange believes removing the rebate cap will encourage Floor Brokers to bring additional QOO order flow to the Exchange because Floor Brokers will be further incentivized by the removal of the QOO Order Rebate cap for these specific QOO orders. Lastly, the Exchange believes the proposed change is reasonable and appropriate, as the Exchange is offering eligible participants greater opportunities to lower their fees related to the execution of qualifying QOO transactions.

In addition, the Exchange believes that removing the QOO Order Rebate cap is reasonable as a competing exchange with a similar rebate program offered to Floor Brokers currently has a rebate cap twelve times higher than the QOO Order Rebate cap on BOX.<sup>7</sup>

<sup>6</sup> See Securities Exchange Act Release Nos. 34-81504 (August 30, 2017), 82 FR 42195 (September 6, 2017) (SR-BOX-2017-28).

<sup>7</sup> See NYSE Arca Options Fees and Charges, Qualified Contingent Cross ("QCC") Transactions

The Exchange believes that the removal of the rebate cap is equitable and not unfairly discriminatory because the proposal allows all similarly situated Floor Brokers to benefit from the removal of the QOO Order Rebate cap. Furthermore, the Exchange believes that all market participants would benefit from additional trading opportunities generated from increased order flow due to the removal of the QOO Order Rebate cap. The Exchange believes that it is equitable and not unfairly discriminatory to remove the QOO Order rebate cap for Floor Brokers, as the previous cap only applied to Floor Brokers and not to Floor Market Makers. Floor Market Makers only represent their own interest on the Trading Floor and thus do not need additional incentives.

### 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. The Exchange believes that its proposal to remove the QOO Order Rebate cap does not impose a burden on competition. The Exchange notes that it operates in a highly competitive market in which competitors are free to modify their own fee schedules in response, and the Exchange believes that the degree to which rebate increases impose any burden on competition is limited. As noted above, one of the Exchange's competitors offers QCC credit cap that is twelve times higher than the Exchange's QOO Order Rebate cap.<sup>8</sup> In addition, as mentioned above, the Floor Broker Credit for QCC Transactions on NYSEArca is similar to the QOO Order Rebate on BOX in that it is applied to both sides of the paired order and is directed to the Floor Broker and not to the Participant who is assessed the QOO Order fee. Moreover, similar to the BOX QOO Rebate, the NYSEArca QCC credit is only applied when the Floor Broker

Fees and Credits, Footnote 13 (stating the "maximum Floor Broker credit paid shall not exceed \$375,000 per month per Floor Broker firm."). Similar to the Floor Broker Credit for Executed QCC Transactions on NYSEArca, the QOO Order Rebate on BOX is applied to both sides of the paired order and is directed to the Floor Broker, and not to the Participant who is assessed the QOO Order fee. Finally, similar to the BOX QOO Rebate, the NYSE Arca QCC credit is only applied when the Floor Broker executes the QCC Order manually on the NYSE Arca trading floor.

<sup>8</sup> *Id.* See also NASDQ PHLX ("Phlx") Pricing Schedule, Section 4 (stating the "maximum QCC Rebate to be paid in a given month will not exceed \$550,000."). The Exchange notes Phlx's QCC Rebate cap is over eighteen times higher than the QOO Order Rebate cap on BOX.

<sup>5</sup> 15 U.S.C. 78f(b)(4) and (5).

executes the QCC Order manually on the NYSEArca trading floor.

Further, the Exchange does not believe that removing the QOO Order rebate cap will impose an undue burden on intra-market competition because all Floor Brokers will remain eligible to transact QOO Orders and receive the same rebate. Further, the Exchange believes that the removal of the rebate cap will promote competition by allowing Floor Brokers to competitively price their services and for the Exchange to remain competitive with other exchanges.

*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 Exchange Act<sup>9</sup> and Rule 19b-4(f)(2) thereunder,<sup>10</sup> because it establishes or changes a due, or fee.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend the rule change if it appears to the Commission that the action is necessary or appropriate in the public interest, for the protection of investors, or would otherwise further 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](mailto:rule-comments@sec.gov). Please include File Number SR-BOX-2019-35 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-BOX-2019-35. 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-BOX-2019-35, and should be submitted on or before January 6, 2020.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>11</sup>

**J. Matthew DeLesDernier,**

*Assistant Secretary.*

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-87711; File No. SR-CboeEDGX-2019-071]

**Self-Regulatory Organizations; Cboe EDGX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Introduce a Small Retail Broker Distribution Program**

December 10, 2019.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934

(“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on November 27, 2019, Cboe EDGX Exchange, Inc. (“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 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 EDGX Exchange, Inc. (“EDGX” or the “Exchange”) is filing with the Securities and Exchange Commission (the “Commission”) a proposed rule change to introduce a Small Retail Broker Distribution Program. The text of the proposed changes to the fee schedule are enclosed [sic] as Exhibit 5.

The text of the proposed rule change is also available on the Exchange's website ([http://markets.cboe.com/us/options/regulation/rule\\_filings/edgx/](http://markets.cboe.com/us/options/regulation/rule_filings/edgx/)), 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 purpose of the proposed rule change is to introduce a pricing program that would allow small retail brokers that purchase top of book market data from the Exchange to benefit from discounted fees for access to such market data. The Small Retail Broker Distribution Program (the “Program”) would reduce the distribution and consolidation fees paid by small broker-dealers that operate a retail business. In turn, the Program may increase retail

<sup>9</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>10</sup> 17 CFR 240.19b-4(f)(2).

<sup>11</sup> 17 CFR 200.30-3(a)(12).

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

<sup>2</sup> 17 CFR 240.19b-4.