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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No. * SR 2024 - * 93

Amendment No. (req. for Amendments *)

Filing by NYSE Arca, Inc.

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
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Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>
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Rule

<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)
<input checked="" type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)
<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010
Section 806(e)(1) *

Section 806(e)(2) *

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 3C(b)(2) *

Exhibit 2 Sent As Paper Document

Exhibit 3 Sent As Paper Document

Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Proposed Rule Change to Modify the NYSE Arca Options Fee Schedule

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Kathleen Last Name * Murphy

Title * Senior Counsel, NYSE

E-mail * kathleen.murphy@ice.com

Telephone * (212) 656-4841 Fax

Signature

Pursuant to the requirements of the Securities Exchange of 1934, NYSE Arca, Inc. has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date 11/01/2024

(Title *)

By Patrick Troy

Associate General Counsel

(Name *)

NOTE: Clicking the signature block at right will initiate digitally signing the form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

Patrick Troy Digitally signed by Patrick Troy
Date: 2024.11.01 16:00:45 -04'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EDFS website.

Form 19b-4 Information *

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SR-NYSEARCA-2024-93 19b4.docx

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

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SR-NYSEARCA-2024-93 Ex 1.docx

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A - Notice of Proposed Rule Change, Security-Based Swap Submission, or Advanced Notice by Clearing Agencies *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2- Notices, Written Comments, Transcripts, Other Communications

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Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

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Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit Sent As Paper Document

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

- (a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”)¹ and Rule 19b-4 thereunder,² NYSE Arca, Inc. (“NYSE Arca” or the “Exchange”) proposes to modify the NYSE Arca Options Fee Schedule (“Fee Schedule”) regarding incentives available to Market Makers. The Exchange proposes to implement the fee change effective November 1, 2024.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1, and the text of the proposed rule change is attached as Exhibit 5.

- (b) The Exchange does not believe that the proposed rule change would have any direct effect, or any significant indirect effect, on any other Exchange rule in effect at the time of this filing.
- (c) Not applicable.

2. Procedures of the Self-Regulatory Organization

Senior management has approved the proposed rule change pursuant to authority delegated to it by the Board of the Exchange. No further action is required under the Exchange’s governing documents. Therefore, the Exchange’s internal procedures with respect to the proposed rule change are complete.

The person on the Exchange staff prepared to respond to questions and comments on the proposed rule change is:

Kathleen E. Murphy
Senior Counsel
NYSE Group, Inc.
(212) 656-4841

3. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

- (a) Purpose

The purpose of this filing is to amend the Fee Schedule to modify certain incentives intended to encourage Market Maker posted volume. The Exchange proposes to implement the fee change on November 1, 2024.

Currently, the Fee Schedule provides a variety of incentives to encourage greater

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

participation by Market Makers and Market Maker affiliates, including more favorable rates for higher volumes from posted interest (e.g., the Market Maker Incentive For Non-Penny Interval Issues and the Market Maker Incentives for SPY). The Exchange also offers incentives that reward higher volume from posted interest in conjunction with activity in the NYSE Arca Equity Market (for purposes of this filing, activity in the NYSE Arca Equity Market is referred to as “cross asset activity”).

The Exchange proposes to modify the Market Maker Penny and SPY Posting Credit Tiers (the “Market Maker Penny Tiers”)³ by creating two new tiers (described below) that would replace the current “Additional Credit” per contract credit of (\$0.03) on Market Maker posted interest that is available to OTP Holder or OTP Firm (collectively, “OTP Holders”) that qualify for either Super Tier.

Pursuant to the Fee Schedule, to qualify for the Additional Credit, eligible OTP Holders must achieve (i) at least 0.55% of total combined IWM, QQQ, and SPY industry ADV from Market Maker posted interest in IWM, QQQ, and SPY,⁴ and (ii) ETP Holder and Market Maker posted volume in Tape B Adding ADV that is equal to at least 1.50% of US Tape B CADV executed on NYSE Arca Equity Market for the billing month.⁵ As a result, OTP Holders that qualify for the Super Tier and the Additional Credit will receive a per contract credit of (\$0.40) on all Penny Issues other than SPY and a per contract credit of (\$0.42) per contract for executions in SPY.⁶ Similarly, OTP Holders that qualify for Super Tier II and the Additional Credit will receive a per contract credit of (\$0.45) on all Penny Issues, including SPY.⁷

The Exchange proposes to eliminate completely the “Additional Credit” and to instead add two tiers -- named the Super Select Tier and Super Select Tier II (collectively, the “proposed Tiers”).⁸ As with the existing Market Maker Penny

³ See Fee Schedule, MARKET MAKER PENNY AND SPY POSTING CREDIT TIERS.

⁴ IWM is the iShares Russell 2000 ETF. QQQ is the Invesco QQQ Trust. SPY is the SPDR S&P 500 ETF Trust.

⁵ See Fee Schedule, MARKET MAKER PENNY AND SPY POSTING CREDIT TIERS. The Additional Credit does not apply to executions of issues in a Lead Market Maker’s appointment. See id.

⁶ Id. The total potential Super Tier credits combines the (\$0.37) standard per contract credit (for Penny Issues other than SPY) with the (\$0.03) Additional Credit to equal a per contract credit of (\$0.40); or combines the (\$0.39) standard per contract credit for SPY with (\$0.03) Additional Credit to equal a per contract credit of (\$0.42)).

⁷ Id. The total Super Tier II credit combines the (\$0.42) standard per contract credit for all Penny Issues (including SPY) with the (\$0.03) Additional Credit to equal a per contract credit of (\$0.45)).

⁸ See proposed Fee Schedule, MARKET MAKER PENNY AND SPY POSTING CREDIT TIERS (adding the proposed Tiers and removing the language regarding the Additional Credit as well as the asterisks signaling this credit that appears in the title of Super Tier and Super Tier II). While

Tiers, the proposed Tiers will apply to electronic executions of Market Maker posted interest in Penny Issues and will include a cross-asset component.

To qualify for the proposed Super Select Tier and associated (\$0.40) per contract on all Penny Issues (including SPY), an OTP Holder must achieve:

- (i) at least 0.25% of total combined IWM, QQQ, and SPY industry ADV from Market Maker posted interest in IWM, QQQ, and SPY; plus
- (ii) ETP Holder and Market Maker posted volume in Tape B Adding ADV equal to at least 1.55% of US Tape B CADV for the billing month executed on NYSE Arca Equity Market.

In addition, to qualify for the proposed Super Select Tier II and associated (\$0.41) per contract credit, an OTP Holder must achieve:

- (i) at least 0.35% of total combined IWM, QQQ, and SPY industry ADV from Market Maker posted interest in IWM, QQQ, and SPY; plus
- (ii) ETP Holder and Market Maker posted volume in Tape B Adding ADV equal to at least 1.65% of US Tape B CADV for the billing month executed on NYSE Arca Equity Market.

The Exchange believes the proposed Tiers will encourage more Market Maker posted interest in certain very high-volume products, in combination with cross asset activity. While the Exchange cannot predict with certainty whether any OTP Holders would seek to qualify for the proposed Tiers, the Exchange believes the proposed modifications, which are designed to encourage increased posted interest from Market Makers in certain high-volume issues as well as cross market activity, would continue to incentivize OTP Holders to submit these types of orders to the Exchange, which brings increased liquidity and order flow for the benefit of all market participants.

(b) Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,⁹ in general, and furthers the objectives of Sections 6(b)(4) and (5) of the Act,¹⁰ in particular, 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 Additional Credit is being eliminated, the Exchange is not proposing to modify the qualification bases or associated credits for the Super Tier or Super Tier II.

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(4) and (5).

The proposed change to the Fee Schedule are reasonable, equitable, and not unfairly discriminatory. As a threshold matter, the Exchange is subject to significant competitive forces in the market for options securities transaction services that constrain its pricing determinations in that market. The Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system “has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.”¹¹

There are currently 17 registered options exchanges competing for order flow. Based on publicly-available information, and excluding index-based options, no single exchange has more than 16% of the market share of executed volume of multiply-listed equity and ETF options trades.¹² Therefore, currently no exchange possesses significant pricing power in the execution of multiply-listed equity & ETF options order flow. More specifically, in September of 2024, the Exchange had 14.05% market share of executed volume of multiply-listed equity & ETF options trades.¹³ In such a low-concentrated and highly competitive market, no single options exchange possesses significant pricing power in the execution of option order flow. Within this environment, market participants can freely and often do shift their order flow among the Exchange and competing venues in response to changes in their respective pricing schedules.

The Exchange believes that the proposed modifications to add the proposed Tiers are reasonably designed to incent OTP Holders to increase the number and variety of orders sent to the Exchange for execution. Specifically, to the extent that the proposed change attracts more Market Maker posted interest in certain high-volume issues and cross asset activity, this increased order flow would continue to make the Exchange a more competitive venue for order execution, which, in turn, promotes just and equitable principles of trade and removes impediments to and perfects the mechanism of a free and open market and a national market system. Although the Exchange proposes to eliminate the Additional Credit, the Exchange believes that the proposed Tiers will continue to incentivize participation in

¹¹ See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) (S7-10-04) (“Reg NMS Adopting Release”).

¹² The OCC publishes options and futures volume in a variety of formats, including daily and monthly volume by exchange, available here: <https://www.theocc.com/Market-Data/Market-Data-Reports/Volume-and-Open-Interest/Monthly-Weekly-Volume-Statistics>.

¹³ Based on a compilation of OCC data for monthly volume of equity-based options and monthly volume of equity-based ETF options, see id., the Exchanges market share in equity-based options increased from 11.48% for the month of September 2023 to 14.05 % for the month of September 2024.

greater volume from posted interest, as well as cross asset activity.

The Exchange believes the proposed rule change is an equitable allocation of its fees and credits and is not unfairly discriminatory as it available equally to all similarly-situated market participants on an equal and non-discriminatory basis.

The proposal is based on the amount and type of business transacted on the Exchange, and OTP Holders are not obligated to try to achieve the qualifications for any of the tiers or execute either Market Maker posted interest or cross asset activity. Rather, the proposal is designed to continue to encourage OTP Holders to utilize the Exchange as a primary trading venue for Market Maker posted interest (if they have not done so previously) and to increase volume sent to the Exchange.

Finally, to the extent the proposed change continues to attract greater volume and liquidity, the Exchange believes the proposed change would improve the Exchange's overall competitiveness and strengthen its market quality for all market participants. In the backdrop of the competitive environment in which the Exchange operates, the proposed rule change is a reasonable attempt by the Exchange to increase the depth of its market and improve its market share relative to its competitors. The Exchange's fees are constrained by intermarket competition, as OTP Holders may direct their order flow to any of the 16 options exchanges, including those that also offer incentives based on Market Maker posted volume in IWM, QQQ, and SPY.¹⁴ Thus, OTP Holders have a choice of where they direct their order flow, including their Market Maker posted interest and cross asset activity. The proposed rule change is designed to incent OTP Holders to direct liquidity to the Exchange, and in particular, Market Maker posted interest in highly liquid issues and cross asset activity, thereby promoting market depth, price discovery and improvement, and enhanced order execution opportunities for market participants.

At present, whether an OTP Holder qualifies for the various monthly incentives set forth in the Market Maker Penny Tiers is dependent on market activity and an OTP Holder's mix of order flow. Thus, while the Exchange cannot predict with certainty whether any OTP Holders will seek to qualify for the proposed Tiers, which apply to Market Maker posted interest in certain high-volume issues and cross asset activity, would provide an incentive for OTP Holders to continue to submit these types of orders to the Exchange, which brings increased liquidity and

¹⁴ See MIAX Pearl Options Exchange Fee Schedule, available at [MIAX Pearl Options Fee Schedule 100721.pdf \(miaxglobal.com\)](https://www.miaxglobal.com/miax-pearl-options-fee-schedule-100721.pdf) (offering tiered incentives based on Market Maker volume in IWM, QQQ, and SPY); Cboe BZX Options Fee Schedule, available at https://www.cboe.com/us/options/membership/fee_schedule/bzx/a (offering favorable credits as an alternative for Market Maker posting volume in IWM, QQQ, and SPY).

order flow for the benefit of all market participants.

Finally, the Exchange believes that it is subject to significant competitive forces, as described below in the Exchange's statement regarding the burden on competition.

4. 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. Instead, as discussed above, the Exchange believes that the proposed changes would encourage the submission of additional liquidity to a public exchange, thereby promoting market depth, price discovery and transparency and enhancing order execution opportunities for all market participants. As a result, the Exchange believes that the proposed change furthers the Commission's goal in adopting Regulation NMS of fostering integrated competition among orders, which promotes "more efficient pricing of individual stocks for all types of orders, large and small."¹⁵

Intramarket Competition. The proposed change is designed to attract additional order flow (particularly Market Maker posted interest in certain high-volume issues) to the Exchange. The Exchange believes that the proposed Tiers would continue to encourage market participants to direct their Market Maker posted interest volume to the Exchange, particularly in certain high-volume issues, as well as encourage cross asset activity. Greater liquidity benefits all market participants on the Exchange, and increased Market Maker posted interest would increase opportunities for execution of other trading interest. The proposed modifications would apply and be available equally to all similarly-situated market participants that handle Market Maker posted interest and cross asset activity, and, accordingly, the proposed change would not impose a disparate burden on competition among market participants on the Exchange.

Intermarket Competition. The Exchange operates in a highly competitive market in which market participants can readily favor one of the 16 competing option exchanges if they deem fee levels at a particular venue to be excessive. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges and to attract order flow to the Exchange. Based on publicly-available information, and excluding index-based options, no single exchange has more than 16% of the market share of executed volume of multiply-listed equity and ETF options trades.¹⁶ Therefore, currently no exchange

¹⁵ See Reg NMS Adopting Release, *supra* note 11, at 37499.

¹⁶ The OCC publishes options and futures volume in a variety of formats, including daily and monthly volume by exchange, available here: <https://www.theocc.com/Market-Data/Market-Data-Reports/Volume-and-Open-Interest/Monthly-Weekly-Volume-Statistics>.

possesses significant pricing power in the execution of multiply-listed equity & ETF options order flow. More specifically, in September 2024, the Exchange had just over 14% market share of executed volume of multiply-listed equity & ETF options trades.¹⁷

The Exchange believes that the proposed rule change reflects this competitive environment because it modifies the Exchange's fees in a manner designed to encourage OTP Holders to direct trading interest (particularly Market Maker posted interest and cross asset activity) to the Exchange, to provide liquidity and to attract order flow. To the extent that this purpose is achieved, all the Exchange's market participants should benefit from the improved market quality and increased opportunities for price improvement.

The Exchange believes that the proposed change could promote competition between the Exchange and other execution venues, including those that also currently offer incentives based on Market Maker posted volume in IWM, QQQ, and SPY,¹⁸ by encouraging additional orders to be sent to the Exchange for execution.

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

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

6. Extension of Time Period for Commission Action

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

The foregoing rule change is effective upon filing pursuant to Section 19(b)(3)(A)(ii) of the Act¹⁹ and subparagraph (f)(2) of Rule 19b-4²⁰ because it establishes a due, fee, or other charge imposed by the Exchange. At any time

¹⁷ Based on OCC data for monthly volume of equity-based options and monthly volume of ETF-based options, see id., the Exchanges market share in equity-based options increased from 11.48% for the month of September 2023 to 14.05 % for the month of September 2024.

¹⁸ See MIAX Pearl Options Exchange Fee Schedule, available at [MIAX Pearl Options Fee Schedule_100721.pdf \(miaxglobal.com\)](https://www.miaxglobal.com/miax-pearl-options-exchange-fee-schedule-100721.pdf) (offering tiered incentives based on Market Maker volume in IWM, QQQ, and SPY); Cboe BZX Options Fee Schedule, available at https://www.cboe.com/us/options/membership/fee_schedule/bzx/a (offering favorable credits as an alternative for Market Maker posting volume in IWM, QQQ, and SPY).

¹⁹ 15 U.S.C. 78s(b)(3)(A)(ii).

²⁰ 17 CFR 240.19b-4(f)(2).

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.²¹

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

The proposed rule change is not based on the rules of another self-regulatory organization or of the Commission.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

Exhibit 1 – Form of Notice of the Proposed Rule Change for Publication in the Federal Register

Exhibit 5 – Amendment to the Exchange’s Fee Schedule

²¹ 15 U.S.C. 78s(b)(2)(B).

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-NYSEARCA-2024-93)

[Date]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness
of Proposed Rule Change to Modify the NYSE Arca Options Fee Schedule

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (“Act”)² and Rule 19b-4 thereunder,³ notice is hereby given that, on November 1, 2024, NYSE Arca, Inc. (“NYSE Arca” or the “Exchange”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II, and III 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 modify the NYSE Arca Options Fee Schedule (“Fee Schedule”) regarding incentives available to Market Makers. The Exchange proposes to implement the fee change effective November 1, 2024. The proposed rule 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.

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

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

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, 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 purpose of this filing is to amend the Fee Schedule to modify certain incentives intended to encourage Market Maker posted volume. The Exchange proposes to implement the fee change on November 1, 2024.

Currently, the Fee Schedule provides a variety of incentives to encourage greater participation by Market Makers and Market Maker affiliates, including more favorable rates for higher volumes from posted interest (e.g., the Market Maker Incentive For Non-Penny Interval Issues and the Market Maker Incentives for SPY). The Exchange also offers incentives that reward higher volume from posted interest in conjunction with activity in the NYSE Arca Equity Market (for purposes of this filing, activity in the NYSE Arca Equity Market is referred to as “cross asset activity”).

The Exchange proposes to modify the Market Maker Penny and SPY Posting Credit Tiers (the “Market Maker Penny Tiers”)⁴ by creating two new tiers (described below) that would replace the current “Additional Credit” per contract credit of (\$0.03) on Market Maker posted interest that is available to OTP Holder or OTP Firm (collectively, “OTP Holders”) that qualify for either Super Tier.

⁴ See Fee Schedule, MARKET MAKER PENNY AND SPY POSTING CREDIT TIERS.

Pursuant to the Fee Schedule, to qualify for the Additional Credit, eligible OTP Holders must achieve (i) at least 0.55% of total combined IWM, QQQ, and SPY industry ADV from Market Maker posted interest in IWM, QQQ, and SPY,⁵ and (ii) ETP Holder and Market Maker posted volume in Tape B Adding ADV that is equal to at least 1.50% of US Tape B CADV executed on NYSE Arca Equity Market for the billing month.⁶ As a result, OTP Holders that qualify for the Super Tier and the Additional Credit will receive a per contract credit of (\$0.40) on all Penny Issues other than SPY and a per contract credit of (\$0.42) per contract for executions in SPY.⁷ Similarly, OTP Holders that qualify for Super Tier II and the Additional Credit will receive a per contract credit of (\$0.45) on all Penny Issues, including SPY.⁸

The Exchange proposes to eliminate completely the “Additional Credit” and to instead add two tiers -- named the Super Select Tier and Super Select Tier II (collectively, the “proposed Tiers”).⁹ As with the existing Market Maker Penny Tiers, the proposed Tiers will apply to electronic executions of Market Maker posted interest in Penny Issues and will include a cross-asset component.

To qualify for the proposed Super Select Tier and associated (\$0.40) per contract on all

⁵ IWM is the iShares Russell 2000 ETF. QQQ is the Invesco QQQ Trust. SPY is the SPDR S&P 500 ETF Trust.

⁶ See Fee Schedule, MARKET MAKER PENNY AND SPY POSTING CREDIT TIERS. The Additional Credit does not apply to executions of issues in a Lead Market Maker’s appointment. See id.

⁷ Id. The total potential Super Tier credits combines the (\$0.37) standard per contract credit (for Penny Issues other than SPY) with the (\$0.03) Additional Credit to equal a per contract credit of (\$0.40); or combines the (\$0.39) standard per contract credit for SPY with (\$0.03) Additional Credit to equal a per contract credit of (\$0.42)).

⁸ Id. The total Super Tier II credit combines the (\$0.42) standard per contract credit for all Penny Issues (including SPY) with the (\$0.03) Additional Credit to equal a per contract credit of (\$0.45)).

⁹ See proposed Fee Schedule, MARKET MAKER PENNY AND SPY POSTING CREDIT TIERS (adding the proposed Tiers and removing the language regarding the Additional Credit as well as the asterisks signaling this credit that appears in the title of Super Tier and Super Tier II). While the Additional Credit is being eliminated, the Exchange is not proposing to modify the qualification bases or associated credits for the Super Tier or Super Tier II.

Penny Issues (including SPY), an OTP Holder must achieve:

- (i) at least 0.25% of total combined IWM, QQQ, and SPY industry ADV from Market Maker posted interest in IWM, QQQ, and SPY; plus
- (ii) ETP Holder and Market Maker posted volume in Tape B Adding ADV equal to at least 1.55% of US Tape B CADV for the billing month executed on NYSE Arca Equity Market.

In addition, to qualify for the proposed Super Select Tier II and associated (\$0.41) per contract credit, an OTP Holder must achieve:

- (i) at least 0.35% of total combined IWM, QQQ, and SPY industry ADV from Market Maker posted interest in IWM, QQQ, and SPY; plus
- (ii) ETP Holder and Market Maker posted volume in Tape B Adding ADV equal to at least 1.65% of US Tape B CADV for the billing month executed on NYSE Arca Equity Market.

The Exchange believes the proposed Tiers will encourage more Market Maker posted interest in certain very high-volume products, in combination with cross asset activity. While the Exchange cannot predict with certainty whether any OTP Holders would seek to qualify for the proposed Tiers, the Exchange believes the proposed modifications, which are designed to encourage increased posted interest from Market Makers in certain high-volume issues as well as cross market activity, would continue to incentivize OTP Holders to submit these types of orders to the Exchange, which brings increased liquidity and order flow for the benefit of all market participants.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of

the Act,¹⁰ in general, and furthers the objectives of Sections 6(b)(4) and (5) of the Act,¹¹ in particular, 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 proposed change to the Fee Schedule are reasonable, equitable, and not unfairly discriminatory. As a threshold matter, the Exchange is subject to significant competitive forces in the market for options securities transaction services that constrain its pricing determinations in that market. The Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system “has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.”¹²

There are currently 17 registered options exchanges competing for order flow. Based on publicly-available information, and excluding index-based options, no single exchange has more than 16% of the market share of executed volume of multiply-listed equity and ETF options trades.¹³ Therefore, currently no exchange possesses significant pricing power in the execution of multiply-listed equity & ETF options order flow. More specifically, in September of 2024, the Exchange had 14.05% market share of executed volume of multiply-listed equity & ETF options

¹⁰ 15 U.S.C. 78f(b).

¹¹ 15 U.S.C. 78f(b)(4) and (5).

¹² See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) (S7-10-04) (“Reg NMS Adopting Release”).

¹³ The OCC publishes options and futures volume in a variety of formats, including daily and monthly volume by exchange, available here: <https://www.theocc.com/Market-Data/Market-Data-Reports/Volume-and-Open-Interest/Monthly-Weekly-Volume-Statistics>.

trades.¹⁴ In such a low-concentrated and highly competitive market, no single options exchange possesses significant pricing power in the execution of option order flow. Within this environment, market participants can freely and often do shift their order flow among the Exchange and competing venues in response to changes in their respective pricing schedules.

The Exchange believes that the proposed modifications to add the proposed Tiers are reasonably designed to incent OTP Holders to increase the number and variety of orders sent to the Exchange for execution. Specifically, to the extent that the proposed change attracts more Market Maker posted interest in certain high-volume issues and cross asset activity, this increased order flow would continue to make the Exchange a more competitive venue for order execution, which, in turn, promotes just and equitable principles of trade and removes impediments to and perfects the mechanism of a free and open market and a national market system. Although the Exchange proposes to eliminate the Additional Credit, the Exchange believes that the proposed Tiers will continue to incentivize participation in greater volume from posted interest, as well as cross asset activity.

The Exchange believes the proposed rule change is an equitable allocation of its fees and credits and is not unfairly discriminatory as it available equally to all similarly-situated market participants on an equal and non-discriminatory basis.

The proposal is based on the amount and type of business transacted on the Exchange, and OTP Holders are not obligated to try to achieve the qualifications for any of the tiers or execute either Market Maker posted interest or cross asset activity. Rather, the proposal is designed to continue to encourage OTP Holders to utilize the Exchange as a primary trading

¹⁴ Based on a compilation of OCC data for monthly volume of equity-based options and monthly volume of equity-based ETF options, *see id.*, the Exchanges market share in equity-based options increased from 11.48% for the month of September 2023 to 14.05 % for the month of September 2024.

venue for Market Maker posted interest (if they have not done so previously) and to increase volume sent to the Exchange.

Finally, to the extent the proposed change continues to attract greater volume and liquidity, the Exchange believes the proposed change would improve the Exchange's overall competitiveness and strengthen its market quality for all market participants. In the backdrop of the competitive environment in which the Exchange operates, the proposed rule change is a reasonable attempt by the Exchange to increase the depth of its market and improve its market share relative to its competitors. The Exchange's fees are constrained by intermarket competition, as OTP Holders may direct their order flow to any of the 16 options exchanges, including those that also offer incentives based on Market Maker posted volume in IWM, QQQ, and SPY.¹⁵ Thus, OTP Holders have a choice of where they direct their order flow, including their Market Maker posted interest and cross asset activity. The proposed rule change is designed to incent OTP Holders to direct liquidity to the Exchange, and in particular, Market Maker posted interest in highly liquid issues and cross asset activity, thereby promoting market depth, price discovery and improvement, and enhanced order execution opportunities for market participants.

At present, whether an OTP Holder qualifies for the various monthly incentives set forth in the Market Maker Penny Tiers is dependent on market activity and an OTP Holder's mix of order flow. Thus, while the Exchange cannot predict with certainty whether any OTP Holders

¹⁵ See MIAX Pearl Options Exchange Fee Schedule, available at [MIAX Pearl Options Fee Schedule 100721.pdf \(miaxglobal.com\)](https://www.miaxglobal.com/MIAX_Pearl_Options_Fee_Schedule_100721.pdf) (offering tiered incentives based on Market Maker volume in IWM, QQQ, and SPY); Cboe BZX Options Fee Schedule, available at https://www.cboe.com/us/options/membership/fee_schedule/bzx/a (offering favorable credits as an alternative for Market Maker posting volume in IWM, QQQ, and SPY).

will seek to qualify for the proposed Tiers, which apply to Market Maker posted interest in certain high-volume issues and cross asset activity, would provide an incentive for OTP Holders to continue to submit these types of orders to the Exchange, which brings increased liquidity and order flow for the benefit of all market participants.

Finally, the Exchange believes that it is subject to significant competitive forces, as described below in the Exchange's statement regarding the burden on competition.

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. Instead, as discussed above, the Exchange believes that the proposed changes would encourage the submission of additional liquidity to a public exchange, thereby promoting market depth, price discovery and transparency and enhancing order execution opportunities for all market participants. As a result, the Exchange believes that the proposed change furthers the Commission's goal in adopting Regulation NMS of fostering integrated competition among orders, which promotes "more efficient pricing of individual stocks for all types of orders, large and small."¹⁶

Intramarket Competition. The proposed change is designed to attract additional order flow (particularly Market Maker posted interest in certain high-volume issues) to the Exchange. The Exchange believes that the proposed Tiers would continue to encourage market participants to direct their Market Maker posted interest volume to the Exchange, particularly in certain high-volume issues, as well as encourage cross asset activity. Greater liquidity benefits all market participants on the Exchange, and increased Market Maker posted interest would increase

¹⁶ See Reg NMS Adopting Release, supra note 12, at 37499.

opportunities for execution of other trading interest. The proposed modifications would apply and be available equally to all similarly-situated market participants that handle Market Maker posted interest and cross asset activity, and, accordingly, the proposed change would not impose a disparate burden on competition among market participants on the Exchange.

Intermarket Competition. The Exchange operates in a highly competitive market in which market participants can readily favor one of the 16 competing option exchanges if they deem fee levels at a particular venue to be excessive. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges and to attract order flow to the Exchange. Based on publicly-available information, and excluding index-based options, no single exchange has more than 16% of the market share of executed volume of multiply-listed equity and ETF options trades.¹⁷ Therefore, currently no exchange possesses significant pricing power in the execution of multiply-listed equity & ETF options order flow. More specifically, in September 2024, the Exchange had just over 14% market share of executed volume of multiply-listed equity & ETF options trades.¹⁸

The Exchange believes that the proposed rule change reflects this competitive environment because it modifies the Exchange's fees in a manner designed to encourage OTP Holders to direct trading interest (particularly Market Maker posted interest and cross asset activity) to the Exchange, to provide liquidity and to attract order flow. To the extent that this

¹⁷ The OCC publishes options and futures volume in a variety of formats, including daily and monthly volume by exchange, available here: <https://www.theocc.com/Market-Data/Market-Data-Reports/Volume-and-Open-Interest/Monthly-Weekly-Volume-Statistics>.

¹⁸ Based on OCC data for monthly volume of equity-based options and monthly volume of ETF-based options, *see id.*, the Exchanges market share in equity-based options increased from 11.48% for the month of September 2023 to 14.05 % for the month of September 2024.

purpose is achieved, all the Exchange's market participants should benefit from the improved market quality and increased opportunities for price improvement.

The Exchange believes that the proposed change could promote competition between the Exchange and other execution venues, including those that also currently offer incentives based on Market Maker posted volume in IWM, QQQ, and SPY,¹⁹ by encouraging additional orders to be sent to the Exchange for execution.

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

Pursuant to Section 19(b)(3)(A)(ii) of the Act,²⁰ and Rule 19b-4(f)(2) thereunder²¹ the Exchange has designated this proposal as establishing or changing a due, fee, or other charge imposed on any person, whether or not the person is a member of the self-regulatory organization, which renders the proposed rule change effective upon filing. 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.

¹⁹ See MIAX Pearl Options Exchange Fee Schedule, available at [MIAX Pearl Options Fee Schedule 100721.pdf \(miaxglobal.com\)](#) (offering tiered incentives based on Market Maker volume in IWM, QQQ, and SPY); Cboe BZX Options Fee Schedule, available at https://www.cboe.com/us/options/membership/fee_schedule/bzx/a (offering favorable credits as an alternative for Market Maker posting volume in IWM, QQQ, and SPY).

²⁰ 15 U.S.C. 78s(b)(3)(A)(ii).

²¹ 17 CFR 240.19b-4.

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 (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-NYSEARCA-2024-93 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-NYSEARCA-2024-93. 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 (<https://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 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office

of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-NYSEARCA-2024-93 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²²

Sherry R. Haywood,

Assistant Secretary.

²² 17 CFR 200.30-3(a)(12).

Additions underscored

Deletions [bracketed]

NYSE Arca Options Fees and Charges

Effective Date: [~~October 30~~November 1, 2024

NYSE Arca OPTIONS: TRADE-RELATED CHARGES FOR STANDARD OPTIONS¹⁴

Unless Professional Customer executions are specifically delineated, such executions will be treated as “Customer” executions for fee/credit purposes. Firms, Broker Dealers, and Market Makers are collectively referred to herein as “Non-Customers.”

MARKET MAKER PENNY PILOT AND SPY POSTING CREDIT TIERS

OTP Holders and OTP Firms meeting the qualifications below will receive the corresponding credit on electronic executions of Market Maker posted interest in Penny Pilot Issues and SPY.^{8,15}

Tier	Qualification Basis (Share of TCADV)			Credit Applied to Electronic Executions of Market Maker Posted Interest in Penny Pilot Issues (except SPY)	Credit Applied to Electronic Executions of Market Maker Posted Interest in SPY
Base				(\$0.28)	(\$0.28)
Select Tier	At least 0.25% of TCADV from Market Maker posted interest in all issues			(\$0.32)	(\$0.32)

Tier	Qualification Basis (Share of TCADV)			Credit Applied to Electronic Executions of Market Maker Posted Interest in Penny Pilot Issues (except SPY)	Credit Applied to Electronic Executions of Market Maker Posted Interest in SPY
Super Tier[*]	At least 0.55% of TCADV from Market Maker posted interest in all issues, or		At least 1.60% of TCADV from all interest in all issues, all account types, with at least 0.80% TCADV from posted interest in all issues	(\$0.37)	(\$0.39)
Super Tier II[*]	At least 0.10% of TCADV from Market Maker posted interest in all issues, plus ETP Holder and Market Maker posted volume in Tape B Securities (“Tape B Adding ADV”) that is equal to at least 1.50% of US Tape B consolidated average daily volume (“CADV”) for the billing month executed on NYSE Arca Equity Market; or	At least 0.10% of TCADV from Market Maker posted interest in all issues, plus at least 0.42% of executed ADV of Retail Orders of U.S. Equity Market Share Posted and Executed on NYSE Arca Equity Market; or	At least 1.60% of TCADV from Market Maker interest in all issues, with at least 0.90% of TCADV from Market Maker posted interest in all issues	(\$0.42)	(\$0.42)

Tier	Qualification Basis (Share of TCADV)		Credit Applied to Electronic Executions of Market Maker Posted Interest in Penny Pilot Issues (except SPY)	Credit Applied to Electronic Executions of Market Maker Posted Interest in SPY
<u>Super Select Tier</u>	<u>At least 0.25% of total combined IWM, QQQ, and SPY industry ADV from Market Maker posted interest in IWM, QQQ, and SPY; plus ETP Holder and Market Maker posted volume in Tape B Adding ADV that is equal to at least 1.55% of US Tape B CADV executed on NYSE Arca Equity Market</u>		<u>(\$0.40)</u>	<u>(\$0.40)</u>
<u>Super Select Tier II</u>	<u>At least 0.35% of total combined IWM, QQQ, and SPY industry ADV from Market Maker posted interest in IWM, QQQ, and SPY; plus ETP Holder and Market Maker posted volume in Tape B Adding ADV that is equal to at least 1.65% of US Tape B CADV executed on NYSE Arca Equity Market</u>		<u>(\$0.41)</u>	<u>(\$0.41)</u>

[* An additional (\$0.03) credit per contract will be applied to electronic executions of Market Maker posted interest in Penny Issues provided an OTP Holder or OTP Firm^{8,15} achieves (i) at least 0.55% of total combined IWM, QQQ, and SPY industry ADV from Market Maker posted interest in IWM, QQQ, and SPY, and (ii) ETP Holder and Market Maker posted

Tier	Qualification Basis (Share of TCADV)	Credit Applied to Electronic Executions of Market Maker Posted Interest in Penny Pilot Issues (except SPY)	Credit Applied to Electronic Executions of Market Maker Posted Interest in SPY
volume in Tape B Adding ADV that is equal to at least 1.50% of US Tape B CADV executed on NYSE Arca Equity Market for the billing month. This credit will not apply to executions of issues in an LMM's appointment.]			

NYSE Arca OPTIONS: GENERAL

8. The calculations for qualifications for monthly posting credits or discounts only include electronic executions and the Exchange will include the activity of either (i) affiliates or (ii) an Appointed OFP or Appointed MM, per Endnote 15. Any volume in options on NYSE FANG+ (FAANG) would be included in calculations to qualify for any volume-based incentives currently being offered on the Exchange. Unless Professional Customer executions are specifically delineated, such executions will be treated as "Customer" executions in calculating qualifications for monthly posting credits or discounts. Customer equity and ETF option ADV does not include Electronic Complex Order Executions. The Exchange may exclude from the calculation of ADV contracts traded any day (1) the Exchange is not open for the entire trading day and/or (2) there is an Exchange System Disruption. QCC orders are neither posted nor taken; thus QCC transactions are not included in the calculation of posted or taken execution volumes. Orders routed to another market for execution are not included in the calculation of taking volume. Market Maker Total Electronic Volume does not include Electronic Complex Order Executions, QCC Transactions, or orders routed to another exchange for execution. Total Industry Customer equity and ETF option average daily volume ("TCADV") includes OCC calculated Customer volume of all types, including Complex Order Transactions and QCC transactions, in equity and ETF options. An affiliate of an OTP Holder or OTP Firm is as defined in NYSE Arca Rule 1.1(a). For purposes of calculating the executed Average Daily Volume ("ADV") of Retail Orders of U.S. Equity Market Share on the NYSE Arca Equity Market, a Retail Order must qualify for the Retail Order Tier set forth in the NYSE Arca Equities Fee Schedule.

15. Includes transaction volume from the OTP Holder's or OTP Firm's affiliates or its Appointed OFP or Appointed MM. An "Appointed MM" is an NYSE Arca Market Maker that has been designated by an Order Flow Provider ("OFP") (as defined in NYSE Arca Rule 6.1A-

O(a)(21)). An “Appointed OFP” is an OFP that has been designated by an NYSE Arca Market Maker. An NYSE Arca Options Market Maker appoints an OFP and an OFP appoints an NYSE Arca Options Market Maker for the purposes of the Fee Schedule, by each sending an email to optionsbilling@nyse.com. These corresponding emails will be viewed as acceptance of the appointment. The Exchange will recognize one such designation for each party. A party may make a designation not more than once every 12-months, which designation shall remain in effect unless or until the Exchange receives an email from either party indicating that the appointment has been terminated.
