

Required fields are shown with yellow backgrounds and asterisks.

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

File No. * SR 2024 - * 68

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"/>	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 *).

Proposal to amend 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 Group Inc.
E-mail * Kathleen.Murphy@ice.com
Telephone * (212) 656-4841 Fax (212) 656-8101

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 08/15/2024 (Title *)
By David De Gregorio 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.

David De Gregorio
Digitally signed by David De Gregorio
Date: 2024.08.15 17:16:43 -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 EFFS website.

Form 19b-4 Information *

Add Remove View

19b4 Arca Aug 1st fee change (draft 4

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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Ex. 1 Re-file Arca Non-Penny Non-Cu

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

Add Remove View

Ex 5 Arca Aug 1st fee change (draft 4

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

Add Remove View

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 amend the NYSE Arca Options Fee Schedule (“Fee Schedule”) regarding certain transaction fees. The Exchange proposes to implement the fee change effective August 15, 2024.³

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 persons on the Exchange staff prepared to respond to questions and comments on the proposed rule change are:

Kathleen E. Murphy
Senior Counsel
NYSE Group, Inc.
(202) 661-4841

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 transaction fees. The Exchange proposes to implement the fee change effective August 15, 2024.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ The Exchange originally filed to amend the Fee Schedule on August 1, 2023 (NYSEARCA-2024-63) and withdrew such filing on August 15, 2024.

Currently, the Exchange assesses a fee for orders executed by taking liquidity from the disseminated market (“Take Liquidity Fee,” or “Take Fee”). For non-Customers and Professional Customers, the Exchange currently charges a per contract Take Fee of \$1.10 for executions in non-Penny issues (the “non-Penny Take Fee”).⁴ The Exchange proposes to increase the non-Penny Take Fee for non-Customers to \$1.20 per contract,⁵ which is within the range of fees charged by competing option exchanges.⁶ The Exchange believes that, despite this proposed increase, its pricing structure will remain attractive because the Exchange will continue to offer discounts on non-Penny Take Fees to non-Customers that meet certain minimum monthly volume qualifications in average electronic executions per day.⁷

(b) Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,⁸ in general, and furthers the objectives of Sections 6(b)(4) and (5) of the Act,⁹ 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.

⁴ For purposes of this fee filing, “non-Customers” include: Lead Market Makers, NYSE Arca Market Makers, and Firm and Broker Dealers. The Exchange notes that this definition of “non-Customers” does not include Professional Customers.

⁵ See proposed Fee Schedule, TRANSACTION FEE FOR ELECTRONIC EXECUTIONS - PER CONTRACT (increasing the non-Penny Take Fee for non-Customer from \$1.10 to \$1.20). The Exchange notes that Professional Customers are not impacted by this proposal and will continue to be assessed a non-Penny Take Fee of \$1.10. See *id.* Also not impacted by this proposal are the per contract Take Fees for executions in Penny issues (the “Penny Take Fee”), which Penny Take Fee will continue to be \$0.50 for both non-Customers and Professional Customers and \$0.49 for Customers. See *id.*

⁶ See, e.g., The Nasdaq Options Market LLC (“NOM”) Pricing Schedule at Options 7, Section 2(1), available [here](https://listingcenter.nasdaq.com/rulebook/nasdaq/rules/nasdaq-options-7), <https://listingcenter.nasdaq.com/rulebook/nasdaq/rules/nasdaq-options-7> (assessing per contract Take Fees in non-Penny issues of \$1.25 for non-Customers and \$0.85 for both Professionals and Customers); and Cboe BZX Options Exchange (“Cboe BZX”) Fee Schedule, available [here](https://www.cboe.com/us/options/membership/fee_schedule/bzx/), https://www.cboe.com/us/options/membership/fee_schedule/bzx/ (assessing per contract Take Fees in non-Penny issues of \$1.15 for both non-Customers and Professionals and \$0.85 for Customers).

⁷ The qualifying volume for Take Fee discounts applies to executions in all issues (Penny and non-Penny) of liquidity taking interest or a combination of liquidity taking and liquidity adding (i.e., posted) interest on behalf of Professional Customers and Non-Customer execution. See, e.g., Fee Schedule, Take Fee Discount Qualification for Non-Penny Issues (providing a (\$0.02) per contract Take Fee discount to OTP Holders (including non-Customers and Professional Customers) that execute “[a]t least 0.65% of TCADV from Professional Customer and Non-Customer Liquidity Removing interest in all issues, plus at least 0.15% of TCADV from posted interest in all issues and all account types”; or “[a]t least 1.50% of TCADV from Professional Customer and Non-Customer Liquidity Removing interest in all issues”). The TCADV (or Total Industry Customer equity and ETF option average daily volume) includes OCC calculated Customer volume of all types, including Complex Order Transactions and QCC transactions, in equity and ETF options. See Fee Schedule, Endnote 8.

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(4) and (5).

The proposed changes 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.”¹⁰

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.¹¹ Therefore, currently no exchange possesses significant pricing power in the execution of multiply-listed equity & ETF options order flow. More specifically, in June of 2024, the Exchange had 14.19% market share of executed volume of multiply-listed equity & ETF options trades.¹² 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. As such, the proposal represents a reasonable attempt by the Exchange to remain competitive despite increasing its non-Penny Take Fee for non-Customers.

The Exchange believes that the proposed increase to its non-Penny Take Fee for non-Customers is reasonable because it is within the range of fees charged by competing option exchanges.¹³ Moreover, the proposed non-Penny Take Fee increase will continue to be offset by Take Fee discounts that are intended to improve overall market quality on the Exchange by incentivizing market participants to bring additional order flow and, in turn, provide more trading opportunities to the benefit of all market participants.¹⁴

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

¹¹ 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>.

¹² 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 12.23% for the month of June 2023 to 14.19 % for the month of June 2024.

¹³ See supra note 6 (regarding non-Penny Take Fees assessed on market participants trading on NOM and Cboe BZX).

¹⁴ See supra note 5 (regarding the potential (\$0.02) per contract non-Penny Take Fee discount available to non-Customers (and Professional Customers) that meet certain minimum volume thresholds).

The Exchange also believes that the proposed fee change is equitable and not unfairly discriminatory because it will apply uniformly to all similarly-situated participants (i.e., non-Customers). With this proposal, the Exchange is not raising the non-Penny Take Fee for Professional Customers who will continue to be charged \$1.10 per contract. The Exchange notes that assessing a lower Take Fee for Non-Customers than Professional Customers is not new or novel and the proposed Take Fees and fee differential between these market participants is comparable to Take Fees in place on competing options exchanges.¹⁵ Similarly, the Exchange is not proposing to raise the non-Penny Take Fee for Customers (i.e., \$0.85 per contract), which rate is within the range of fees charged by competing option exchanges.¹⁶ Customer liquidity benefits all market participants by providing more trading opportunities, which attracts Market Makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants.

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.

In terms of intra-market competition, as discussed herein, the Exchange does not believe that its proposal will place any category of market participant at a competitive disadvantage because it will apply uniformly to all similarly-situated participants (i.e., non-Customers). While the proposed change increases the non-Penny Take Fee for non-Customer interest, the Exchange believes the changes, taken together with existing discounts, will continue to encourage trading activity on the Exchange.

In terms of inter-market competition, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited. As noted herein, the proposed fee change is competitive as it is within the range of fees charged by competing option exchanges.¹⁷ If the changes proposed

¹⁵ See supra note 6 (regarding non-Penny Takes Fees assessed on non-Customers versus Professionals trading on NOM).

¹⁶ See supra note 6 (regarding non-Penny Takes Fees assessed on Customer trading on NOM and CboeBZX).

¹⁷ See supra note 6 (regarding non-Penny Take Fees assessed on market participants trading on NOM and Cboe BZX).

herein are 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 changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets.

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 Act¹⁸ and subparagraph (f)(2) of Rule 19b-4¹⁹ 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.²⁰

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.

¹⁸ 15 U.S.C. 78s(b)(3)(A)(ii).

¹⁹ 17 CFR 240.19b-4(f)(2).

²⁰ 15 U.S.C. 78s(b)(2)(B).

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

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-NYSEARCA-2024-68)

[Date]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness
of Proposed Rule Change to Amend to 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 August 15, 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 amend the NYSE Arca Options Fee Schedule (“Fee Schedule”) regarding certain transaction fees. The Exchange proposes to implement the fee change effective August 15, 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 transaction fees. The Exchange proposes to implement the fee change effective August 15, 2024.

Currently, the Exchange assesses a fee for orders executed by taking liquidity from the disseminated market (“Take Liquidity Fee,” or “Take Fee”). For non-Customers and Professional Customers, the Exchange currently charges a per contract Take Fee of \$1.10 for executions in non-Penny issues (the “non-Penny Take Fee”).⁴ The Exchange proposes to increase the non-Penny Take Fee for non-Customers to \$1.20 per contract,⁵ which is within the range of fees charged by competing option exchanges.⁶ The Exchange believes that, despite this proposed increase, its pricing structure will remain attractive because the Exchange will continue

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⁵ See proposed Fee Schedule, TRANSACTION FEE FOR ELECTRONIC EXECUTIONS - PER CONTRACT (increasing the non-Penny Take Fee for non-Customer from \$1.10 to \$1.20). The Exchange notes that Professional Customers are not impacted by this proposal and will continue to be assessed a non-Penny Take Fee of \$1.10. See *id.* Also not impacted by this proposal are the per contract Take Fees for executions in Penny issues (the “Penny Take Fee”), which Penny Take Fee will continue to be \$0.50 for both non-Customers and Professional Customers and \$0.49 for Customers. See *id.*

⁶ See, e.g., The Nasdaq Options Market LLC (“NOM”) Pricing Schedule at Options 7, Section 2(1), available [here](https://listingcenter.nasdaq.com/rulebook/nasdaq/rules/nasdaq-options-7), <https://listingcenter.nasdaq.com/rulebook/nasdaq/rules/nasdaq-options-7> (assessing per contract Take Fees in non-Penny issues of \$1.25 for non-Customers and \$0.85 for both Professionals and Customers); and Cboe BZX Options Exchange (“Cboe BZX”) Fee Schedule, available [here](https://www.cboe.com/us/options/membership/fee_schedule/bzx/), https://www.cboe.com/us/options/membership/fee_schedule/bzx/ (assessing per contract Take Fees in non-Penny issues of \$1.15 for both non-Customers and Professionals and \$0.85 for Customers).

to offer discounts on non-Penny Take Fees to non-Customers that meet certain minimum monthly volume qualifications in average electronic executions per day.⁷

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,⁸ in general, and furthers the objectives of Sections 6(b)(4) and (5) of the Act,⁹ 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 changes 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

⁷ The qualifying volume for Take Fee discounts applies to executions in all issues (Penny and non-Penny) of liquidity taking interest or a combination of liquidity taking and liquidity adding (i.e., posted) interest on behalf of Professional Customers and Non-Customer execution. See, e.g., Fee Schedule, Take Fee Discount Qualification for Non-Penny Issues (providing a (\$0.02) per contract Take Fee discount to OTP Holders (including non-Customers and Professional Customers) that execute “[a]t least 0.65% of TCADV from Professional Customer and Non-Customer Liquidity Removing interest in all issues, plus at least 0.15% of TCADV from posted interest in all issues and all account types”; or “[a]t least 1.50% of TCADV from Professional Customer and Non-Customer Liquidity Removing interest in all issues”). The TCADV (or Total Industry Customer equity and ETF option average daily volume) includes OCC calculated Customer volume of all types, including Complex Order Transactions and QCC transactions, in equity and ETF options. See Fee Schedule, Endnote 8.

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(4) and (5).

important to investors and listed companies.”¹⁰

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.¹¹ Therefore, currently no exchange possesses significant pricing power in the execution of multiply-listed equity & ETF options order flow. More specifically, in June of 2024, the Exchange had 14.19% market share of executed volume of multiply-listed equity & ETF options trades.¹² 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. As such, the proposal represents a reasonable attempt by the Exchange to remain competitive despite increasing its non-Penny Take Fee for non-Customers.

The Exchange believes that the proposed increase to its non-Penny Take Fee for non-Customers is reasonable because it is within the range of fees charged by competing option exchanges.¹³ Moreover, the proposed non-Penny Take Fee increase will continue to be offset by Take Fee discounts that are intended to improve overall market quality on the Exchange by

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

¹¹ 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>.

¹² 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 12.23% for the month of June 2023 to 14.19 % for the month of June 2024.

¹³ See *supra* note 7 (regarding non-Penny Take Fees assessed on market participants trading on NOM and Cboe BZX).

incentivizing market participants to bring additional order flow and, in turn, provide more trading opportunities to the benefit of all market participants.¹⁴

The Exchange also believes that the proposed fee change is equitable and not unfairly discriminatory because it will apply uniformly to all similarly-situated participants (i.e., non-Customers). With this proposal, the Exchange is not raising the non-Penny Take Fee for Professional Customers who will continue to be charged \$1.10 per contract. The Exchange notes that assessing a lower Take Fee for Non-Customers than Professional Customers is not new or novel and the proposed Take Fees and fee differential between these market participants is comparable to Take Fees in place on competing options exchanges.¹⁵ Similarly, the Exchange is not proposing to raise the non-Penny Take Fee for Customers (i.e., \$0.85 per contract), which rate is within the range of fees charged by competing option exchanges.¹⁶ Customer liquidity benefits all market participants by providing more trading opportunities, which attracts Market Makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants.

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.

¹⁴ See supra note 6 (regarding the potential (\$0.02) per contract non-Penny Take Fee discount available to non-Customers (and Professional Customers) that meet certain minimum volume thresholds).

¹⁵ See supra note 7 (regarding non-Penny Takes Fees assessed on non-Customers versus Professionals trading on NOM).

¹⁶ See supra note 7 (regarding non-Penny Takes Fees assessed on Customer trading on NOM and CboeBZX).

In terms of intra-market competition, as discussed herein, the Exchange does not believe that its proposal will place any category of market participant at a competitive disadvantage because it will apply uniformly to all similarly-situated participants (i.e., non-Customers). While the proposed change increases the non-Penny Take Fee for non-Customer interest, the Exchange believes the changes, taken together with existing discounts, will continue to encourage trading activity on the Exchange.

In terms of inter-market competition, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited. As noted herein, the proposed fee change is competitive as it is within the range of fees charged by competing option exchanges.¹⁷ If the changes proposed herein are 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 changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets.

¹⁷ See supra note 7 (regarding non-Penny Take Fees assessed on market participants trading on NOM and Cboe BZX).

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 has become effective upon filing pursuant to Section 19(b)(3)(A)¹⁸ of the Act and paragraph (f) thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-NYSEARCA-2024-68 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.

¹⁸ 15 U.S.C. 78s(b)(3)(A).

All submissions should refer to file number SR-NYSEARCA-2024-68. 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-2024-68 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.¹⁹

Sherry R. Haywood,

Assistant Secretary.

¹⁹ 17 CFR 200.30-3(a)(12).

Additions underscored
Deletions [bracketed]

NYSE Arca Options Fees and Charges

Effective Date: August [1]15, 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.”

TRANSACTION FEE FOR ELECTRONIC EXECUTIONS - PER CONTRACT

Order Type	Electronic Executions in Penny Penny Issues ⁶		Electronic Executions in Non-Penny Issues ⁶	
	Post Liquidity	Take Liquidity	Post Liquidity	Take Liquidity
LMM	(\$0.33)**	\$0.50	(\$0.40)	[\$1.10] <u>\$1.20</u>
NYSE Arca Market Maker	(\$0.28)	\$0.50	(\$0.05)	[\$1.10] <u>\$1.20</u>
Firm and Broker Dealer	(\$0.10)	\$0.50	\$0.50	[\$1.10] <u>\$1.20</u>
Customer	(\$0.25)	\$0.49	(\$0.75)	\$0.85
Professional Customer	(\$0.25)	\$0.50	(\$0.75)	\$1.10
Customer against LMM*	N/A	N/A	N/A	\$0.67
