

July 9, 2020

Via Electronic Mail (rule-comments@sec.gov)

Ms. Vanessa A. Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street NE
Washington, D.C. 20549-1090

**Re: Release No. 34-89058; File No. SR-CBOE-2020-051
Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing of a Proposed Rule Change to Amend Its Automated Price Improvement Auction Rules in Connection with Agency Order Size Requirements**

Dear Ms. Countryman:

TD Ameritrade, Inc.¹ (“TD Ameritrade” or the “Firm”) appreciates the opportunity to provide the Securities and Exchange Commission (the “Commission”) with comments concerning Cboe Exchange, Inc.’s (“Cboe”) proposal to amend its automated price improvement (“AIM”) rules to allow Cboe to determine a maximum size requirement of up to 100 contracts for certain orders in SPX.² As a broker providing more than 12 million client accounts access to the U.S. markets and with a significant number of retail clients trading options, TD Ameritrade believes it is uniquely qualified to comment on the Proposal.

The Firm commends Cboe’s Proposal and applauds it for recognizing the changing options market. We support the Proposal generally but with one significant caveat, which is discussed below. Otherwise, we expect that extending AIM to these orders likely will increase retail auction participation in SPX by enabling those investors to gain the price improvement opportunities provided by AIM. Our clients have benefited from the AIM program and on SPX order sizes from 1-100 contracts our clients, on average, received over twice the amount of price improvement per contract in the AIM auction compared to a time period prior to AIM for SPX. The results, however, were mixed on order sizes greater than 100 contracts, as the benefits were not consistent.³ The Firm expects the improved results

¹ TD Ameritrade is a wholly owned broker subsidiary of TD Ameritrade Holding Corporation (Nasdaq: AMTD). AMTD has a 45-year history of providing financial services to self-directed investors. TD Ameritrade provides investing services and education to over 12 million client accounts totaling approximately \$1.4 trillion in assets, and custodial services for more than 7,000 independent registered investment advisors. As a leader in U.S. retail trading, during May 2020, TD Ameritrade handled over 3.275 million trades per day for clients.

² *Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing of a Proposed Rule Change to Amend Its Automated Price Improvement Auction Rules in Connection with Agency Order Size Requirements. Release No. 34-89058; File No. SR-CBOE-2020-051 (June 12, 2020) (the “Proposal”).*

³ Similar to the price improvement calculation in the Proposal, we calculated price improvement as the difference between the execution price and the limit price. Single-leg marketable orders were included.

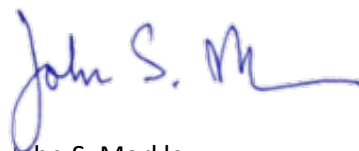
for orders up to 100 contracts to extend further to our retail clients' SPX orders should the Proposal be adopted and achieve its intended increase in price improvement opportunities by activating AIM for such orders.

TD Ameritrade considers the 100-contract upper limit for order size to be reasonable and, according to our internal data, likely to benefit retail investors. We are concerned, however, that deviating from the 100-contract limit might create unexpected consequences and put undue restrictions on retail investment strategies and overall experience. To provide greater transparency and consistency with other programs, we recommend that the proposed discretion in determining the maximum order size be removed so the 100-contract threshold remains a static figure. Capping the upper limit would provide greater certainty, simplify the process for any retail investor, and still capture what we have found to be the optimal range for retail client orders that obtain price improvements. If the Commission decides that the contract limit should remain variable, the Firm requests that the threshold be determined according to a predefined, quantified, and easy to understand set of objective criteria that does not restrict price improvement opportunities.⁴ A simple data driven process would reduce the potential unpredictability inherent to discretionary decision making and provide retail clients with a consistent experience that lowers transaction costs.

TD Ameritrade appreciates the opportunity to comment on the Proposal. The Firm supports Cboe's proposed measures to provide retail investors with the price improvement opportunities provided by AIM, though we request the removal of any discretionary authority from the process.

Please contact me at [REDACTED] with any questions regarding our comments.

Respectfully submitted,



John S. Markle
Interim General Counsel

The period reviewed during AIM for SPX was March 16, 2020 to June 12, 2020, while the period reviewed prior to AIM for SPX was January 2, 2020 to March 13, 2020.

⁴ Any such criteria should remain independent of order volume since clients should receive the potential benefits of AIM regardless of whether their preferred order sizes are not commonly used by other investors.