



Invested in America

August 28, 2020

Ms. Vanessa Countryman
Secretary
Securities and Exchange Commission
100 F Street NE., Washington, DC 20549

**Re: Notice of Filing of a Proposed Rule Change to Introduce Periodic Auctions
for the Trading of U.S. Equity Securities (File No. SR-CboeBYX-2020-021)**

Dear Ms. Countryman:

The Securities Industry and Financial Markets Association (“SIFMA”)¹ appreciates the opportunity to submit this comment letter on the above-referenced proposed rule change filed by Cboe BYX Exchange, Inc. (“CboeBYX” or “Exchange”) with the Securities and Exchange Commission (“Commission”) under Section 19(b)(1) of the Securities Exchange Act of 1934 (“Exchange Act”).² In the Proposal, CboeBYX is seeking to introduce periodic auctions for the trading of U.S. equity securities (“Periodic Auctions”).

I. The Proposal

In the Proposal, CboeBYX notes that its parent company, Cboe Global Markets, Inc. (“Cboe”), has continued to work on the design of potential market structure innovations that it could implement to improve market quality in thinly-traded securities, consistent with the Commission’s request in its Statement on Market Structure Innovation for Thinly Traded Securities.³ As a result of those efforts, CboeBYX is proposing to implement Periodic Auctions. As proposed, Periodic Auctions of one hundred milliseconds would be conducted throughout the course of the trading day when there are matching buy and sell Periodic Auction Orders, as defined in the Proposal, that are available to trade in such an auction. Periodic Auctions would not interrupt trading in the continuous market, and would be price forming auctions that are

¹ SIFMA is the leading trade association for broker-dealers, investment banks, and asset managers operating in the U.S. and global capital markets. On behalf of our industry’s nearly 1 million employees, we advocate for legislation, regulation and business policy, affecting retail and institutional investors, equity and fixed income markets and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. We also provide a forum for industry policy and professional development. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, visit <http://www.sifma.org>.

² See Exchange Act Release No. 89424 (July 29, 2020), 85 FR 47262 (August 4, 2020) (“Proposal”).

³ See Securities Exchange Act Release No. 87327 (October 17, 2019), 84 FR 56956 (October 24, 2019) (File No. S7-18-19).

executed at the price level that maximizes the total number of shares in both the auction book and the continuous market that are executed in the auction. While Periodic Auctions would be available in all securities traded on the Exchange, the Exchange believes that this trading mechanism would be particularly valuable for securities that trade in lower volume and consequently suffer from wider spreads and less liquidity displayed in the public markets.

II. Potential Comment Considerations

SIFMA's member firms continue to have questions about how the Periodic Auctions will work in practice. SIFMA staff has been discussing the Proposal with its members firms since the Proposal was issued at the end of July 2020 with the objective of determining whether SIFMA should submit comments on the substance of the Proposal. Most recently, SIFMA spoke with the Exchange on August 20, 2020 to help better understand the mechanics of the Periodic Auctions. During that discussion, the Exchange indicated that it is planning to issue a set of frequently asked questions (i.e., FAQs) that will provide further details on the mechanics of the Periodic Auctions. Once those FAQs are issued, SIFMA will review them, as well as initiate further discussions with the Exchange if necessary, to determine whether to submit comments on the substance of the Proposal.

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SIFMA greatly appreciates the Commission's consideration of this letter. If you have any questions or need any additional information, please contact me (at [REDACTED]).

Sincerely,

Ellen Greene

Ellen Greene
Managing Director
Equities & Options Market Structure