

**SECURITIES AND EXCHANGE COMMISSION**  
(Release No. 34-85319; File No. SR-CboeEDGA-2019-003)

March 14, 2019

Self-Regulatory Organizations; Cboe EDGA Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Amend the Fee Schedule Applicable to Members and Non-Members of the Exchange Pursuant to Exchange Rules 15.1(a) and (c)

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on March 1, 2019, Cboe EDGA Exchange, Inc. (“Exchange” or “EDGA”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

Cboe EDGA Exchange, Inc. (the “Exchange” or “EDGA”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to amend the fee schedule applicable to Members and non-Members of the Exchange pursuant to Exchange Rules 15.1(a) and (c). The text of the proposed rule change is attached as Exhibit 5.

The text of the proposed rule change is also available on the Exchange’s website ([http://markets.cboe.com/us/equities/regulation/rule\\_filings/edga/](http://markets.cboe.com/us/equities/regulation/rule_filings/edga/)), at the Exchange’s Office of the Secretary, and at the Commission’s Public Reference Room.

---

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

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

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The Exchange proposes to amend its fee schedule to add a second Add Volume Tier under footnote 7. The Exchange currently offers one Add Volume Tier, which provides a reduced fee of \$0.0026 per share for Members that add an ADAV<sup>3</sup> of greater than or equal to 0.10% of the TCV<sup>4</sup> for orders that add liquidity yielding fee codes 3<sup>5</sup>, 4<sup>6</sup>, B,<sup>7</sup> V,<sup>8</sup> or Y<sup>9</sup>. The

---

<sup>3</sup> ADAV means average daily volume calculated as the number of shares added per day. ADAV is calculated on a monthly basis. See Exchange's fee schedule.

<sup>4</sup> TCV means total consolidated volume calculated as the volume reported by all exchanges and trade reporting facilities to a consolidated transaction reporting plan for the month for which the fees apply. See Exchange's fee schedule.

<sup>5</sup> Fee code 3 is appended to displayed and non-displayed orders which add liquidity to pre and post market (Tape A or C) and are provided a rebate of \$0.0030 per share. Such orders are free for securities under \$1.00.

<sup>6</sup> Fee code 4 is appended to displayed and non-displayed orders which add liquidity to pre and post market (Tape B) and are provided a rebate of \$0.0030 per share. Such orders are free for securities under \$1.00.

<sup>7</sup> Fee code B is appended to displayed and non-displayed orders which add liquidity to Tape B and are provided a rebate of \$0.0030 per share. Such orders are free for securities under \$1.00.

<sup>8</sup> Fee code V is appended to displayed and non-displayed orders which add liquidity to Tape A and are provided a rebate of \$0.0030 per share. Such orders are free for securities under \$1.00.

Exchange now proposes to add a second Add Volume Tier, which will provide a reduced fee of \$0.0022 per share for Members that add an ADAV of greater than or equal to 0.45% of the TCV for orders that add liquidity yielding the applicable fee codes. The Exchange believes the proposed change will encourage Members to increase their liquidity on the Exchange and notes that other exchanges have similar volume tiers.<sup>10</sup>

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,<sup>11</sup> in general, and furthers the objectives of Section 6(b)(4),<sup>12</sup> in particular, as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities. The Exchange also notes that it operates in a highly-competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or incentives to be insufficient. The proposed rule change reflects a competitive pricing structure designed to incentivize market participants to direct their order flow to the Exchange.

The Exchange notes that volume-based discounts, such as Add Volume Tier 1 currently maintained on the Exchange, have been widely adopted by other exchanges and are equitable because they are open to all Members on an equal basis and provide additional benefits or discounts that are reasonably related to (i) the value of an exchange's market quality; (ii) associated with higher levels of market activity, such as higher levels of liquidity provision

---

<sup>9</sup> Fee code Y is appended to displayed and non-displayed orders which add liquidity Tape C and are provided a rebate of \$0.0030 per share for securities at or above \$1.00. Such orders are free for securities under \$1.00.

<sup>10</sup> See e.g., Cboe BYX U.S. Equities Exchange Fee Schedule, Add/Remove Volume Tiers.

<sup>11</sup> 15 U.S.C. 78f.

<sup>12</sup> 15 U.S.C. 78f(b)(4).

and/or growth patterns; and (iii) introduction of higher volumes of orders into the price and volume discovery processes. In particular, the Exchange believes the addition of a second Add Volume Tier under footnote 7 is reasonable because it provides Members an additional opportunity to receive a reduced rate for orders that add liquidity and is a reasonable means to encourage Members to increase their liquidity on the Exchange. The Exchange also notes that it is reasonable to offer incrementally increasing incentives in which the difficulty in achieving tier criteria also incrementally increases, which contributes to, and increases with, the continuous growth of the Exchange. The Exchange believes that the proposed additional tier deepens the Exchange's liquidity pool to the benefit of investors by encouraging more price competition and providing additional opportunities to trade. Additionally, the Exchange believes that the proposed tier represents an equitable allocation of reasonable dues, fees, and other charges because the thresholds necessary to achieve the proposed Add Volume Tier 2 encourages Members to add additional liquidity to the Exchange. The Exchange further believes the proposed fee change is equitable and non-discriminatory because it applies uniformly to all Members that achieve the proposed Add Volume Tier 2 by executing a significant volume of liquidity providing orders on EDGA.

B. Self-Regulatory Organization's Statement on Burden on Competition

This proposed rule change does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposed changes represent a significant departure from previous pricing offered by the Exchange or from pricing offered by the Exchange's competitors. Additionally, Members may opt to disfavor the Exchange's pricing if they believe that alternatives offer them better value. Accordingly, the Exchange does not believe that the proposed changes will impair competition. The Exchange believes that its proposal would not burden intramarket competition

because the proposed rates would apply uniformly to all Members. The Exchange also notes that the proposed change discounts the fees for liquidity added to the Exchange, which is intended to draw additional liquidity to the Exchange to the benefit of all market participants.

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

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any written comments from members or other interested parties.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>13</sup> and paragraph (f) of Rule 19b-4<sup>14</sup> 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. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act.

Comments may be submitted by any of the following methods:

---

<sup>13</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>14</sup> 17 CFR 240.19b-4(f).

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>);  
or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-CboeEDGA-2019-003 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-CboeEDGA-2019-003. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to

make available publicly. All submissions should refer to File Number SR-CboeEDGA-2019-003 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>15</sup>

Eduardo A. Aleman  
Deputy Secretary

---

<sup>15</sup> 17 CFR 200.30-3(a)(12).