SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-80173; File No. SR-NYSEArca-2017-25)

March 8, 2017

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

Pursuant to Section 19(b)(1)[1] of the Securities Exchange Act of 1934 (the "Act")[2] and Rule 19b-4 thereunder,[3] notice is hereby given that, on March 6, 2017, NYSE Arca, Inc. (the "Exchange" or "NYSE Arca") 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 the Substance of the Proposed Rule Change

The Exchange proposes to amend the NYSE Arca Options Fee Schedule ("Fee Schedule"). The Exchange proposes to implement the fee change effective March 6, 2017. 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 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

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1 15 U.S.C. 78s(b)(1).

2 15 U.S.C. 78a.

3 17 CFR 240.19b-4.

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 Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of this filing is to amend the Fee Schedule, effective March 6, 2017, to provide an incentive for OTP Holders and OTP Firms (each an "OTP") to post volume in non-Penny Pilot Issues as Non-Customers, i.e., Lead Market Maker ("LMMs"), NYSE Arca Market Makers ("MMs"), Firms and Broker Dealers.[4]

Currently, the transactions fees and credits applied to Non-Customer posting liquidity in non-Penny Pilot issues range from a per contract fee of $0.50 (charged to Firms and Broker Dealers) to a per contract credit of $0.40 (issued to LMMs).[5] The Exchange also offers additional incentives for market participants – Customers and Non-Customers alike – to earn credits for posted interest in non-Penny Pilot Issues.[6]

The Exchange proposes to introduce a program to further incent Non-Customers to post volume in non-Penny Pilot Issues. The proposed program would offer OTPs the ability to earn per contract credits for electronic executions of Non-Customer posted interest in non-Penny Pilot issues. The amount of credit would depend on an OTP's share of total industry Customer equity and ETF option ADV ("TCADV") (referring to herein as the "Non-Penny Posting Tiers").[7] The

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4 For purposes of this filing, Professional Customers are not considered to be Non-Customers.

5 See Fee Schedule, Transaction Fee for Electronic Executions Per Contract.

6 See, e.g., Fee Schedule, Customer and Professional Customer Posting Credit Tiers In Non Penny Pilot Issues; and Market Maker Incentive For Non-Penny Pilot Issues.

7 The thresholds are based on an OFP's volume transacted Electronically as a percentage of TCADV as reported by the Options Clearing Corporation (the "OCC"). See OCC

Exchange proposes three Non-Penny Posting Tiers and the associated qualifications and credits would be as follows:

- Tier 1: An OTP that has at least 0.05% of TCADV from Non-Customer posted orders in non-Penny Pilot issues would be eligible to receive a per contract credit of $0.32;
- Tier 2: An OTP that has at least 0.10% of TCADV from Non-Customer posted orders in non-Penny Pilot issues would be eligible to receive a per contract credit of $0.52; and
- Tier 3: An OTP that has at least 0.20% of TCADV from Non-Customer posted orders in non-Penny Pilot issues would be eligible to receive a per contract credit of $0.82.

If an execution of Non-Penny Pilot Issues by an OTP for a Non-Customer is eligible for more than one fee or credit, the Exchange will apply the most favorable rate. For instance, under the Fee Schedule, an LMM that posts interest in non-Penny Pilot issues in its appointment receives a base per contract credit of $0.40. If that same OTP achieves proposed Tier 1 of the Non-Penny Posting Tiers, the OTP would be eligible to receive a per contract credit of $0.32. However, that OTP would still receive the higher per contract credit of $0.40 on its LMM posted interest in non-Penny Pilot issues.

Monthly Statistics Reports, available here, http://www.theocc.com/webapps/monthly-volume-reports. The calculation of TCADV includes transaction volume of an OTP's affiliates or its Appointed Order Flow Provider or Appointed Marker Maker. See proposed Fee Schedule, the Non-Penny Posting Tiers. See also Fee Schedule, endnote 15.

The Exchange believes the proposed Non-Penny Posting Tiers would encourage an increased level of activity, particularly in non-Penny Pilot Issues, which in turn encourages tighter market spreads and increased liquidity to 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,[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 Exchange believes that the proposed Non-Penny Posting Tiers are reasonable, equitable, and not unfairly discriminatory because they are competitive with incentive programs offered to similarly situated participants on other options exchanges.[10] Moreover, the Exchange believes the proposed change does not unfairly discriminate because it would apply equally to all Non-Customer interest and allows for consideration of volume from affiliates and/or Appointed OFPs and Appointed MMs. The proposed change is also non-discriminatory because it would apply to all Non-Customer interest, while Customer (and Professional Customer) interest may avail itself of other incentive programs offered on the Exchange. Notably, the Exchange offers Customer (and Professional Customer) interest the opportunity to earn credits higher than those

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8 15 U.S.C. 78f(b).

9 15 U.S.C. 78f(b)(4) and (5).

10 See Bats BZX Options Exchange Fee Schedule, available here, https://www.bats.com/us/options/membership/fee_schedule/bzx/ (offering "non-Penny Pilot add volume tiers" to Non-Customers).

proposed for Non-Customer interest in the Non-Penny Posting Tiers,[11] which should continue to attract Customer (and Professional Order) interest to the Exchange, resulting in greater price discovery, increased transparency, and an increased opportunity to trade on the Exchange.

The Exchange believes that the proposal is equitable and not unfairly discriminatory because it would encourage OTPs post interest on the Exchange in order to qualify for the proposed credits, which would reduce their overall transaction costs on the Exchange.

Further, the Exchange believes that the proposal would provide additional incentives to direct Non-Customer order flow to the Exchange, which benefits all market participants through increased liquidity and enhanced price discovery. Finally, encouraging OTPs to send higher volumes of orders to the Exchange would also contribute to the Exchange's depth of book as well as to the top of book liquidity.

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

In accordance with Section 6(b)(8) of the Act,[12] the Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Instead, the Exchange believes that the proposed changes would continue to encourage competition, including by attracting additional liquidity to the Exchange, which would continue to make the Exchange a more competitive venue for, among other things, order execution and price discovery. The Exchange does not believe that the proposed change will impair the ability of any market participants or competing order execution venues to maintain their competitive standing in the financial markets. Further, the proposed

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11 See, e.g., Fee Schedule, Customer and Professional Customer Posting Credit Tiers In Non Penny Pilot Issues (providing potential per contract credits under each Tier (beginning at $0.83 for Tier A), each of which exceeds the highest available ($0.82) per contract credit available to Non-Customer interest in the Non-Penny Posting Tiers).

12 15 U.S.C. 78f(b)(8).

incentives would be available to all similarly situated participants, and, as such, the proposed change would not impose a disparate burden on competition either among or between classes of market participants and may, in fact, encourage competition.

The Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues. In such an environment, the Exchange must continually review, and consider adjusting, its fees and credits to remain competitive with other exchanges. For the reasons described above, the Exchange believes that the proposed rule change reflects this competitive environment.

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 is effective upon filing pursuant to Section 19(b)(3)(A)[13] of the Act and subparagraph (f)(2) of Rule 19b-4[14] thereunder, 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)[15] of the Act to determine whether the proposed rule change should be approved or disapproved.

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[13] 15 U.S.C. 78s(b)(3)(A).

[14] 17 CFR 240.19b-4(f)(2).

[15] 15 U.S.C. 78s(b)(2)(B).

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 (http://www.sec.gov/rules/sro.shtml); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NYSEArca-2017-25 on the subject line.

Paper comments:

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NYSEArca-2017-25. 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 such filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the

Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NYSEArca-2017-25, 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.[16]

Eduardo A. Aleman
Assistant Secretary

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[16] 17 CFR 200.30-3(a)(12).