

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-79089; File No. SR-NYSEMKT-2016-91)

October 13, 2016

Self-Regulatory Organizations; NYSE MKT LLC; Notice of Filing and Immediate Effectiveness of Proposed Change to Modify the NYSE Amex Options Fee Schedule

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (the “Act”)<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that, on October 3, 2016, NYSE MKT LLC (the “Exchange” or “NYSE MKT”) 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 modify the NYSE Amex Options Fee Schedule. The proposed change is available on the Exchange’s website at [www.nyse.com](http://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 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.

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

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.

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 Section I. F. of the Fee Schedule to treat Professional Customer Qualified Contingent Cross (“QCC”) transactions the same as Customer QCC transactions.<sup>4</sup> The Exchange proposes to implement these changes effective on October 3, 2016.

Section I.F. of the Fee Schedule describes QCC Fees and Credits. Currently, the Exchange imposes the following fees for QCC transactions in Standard Options:

<b>Participant</b>	<b>Standard Options Per Contract Fee or Credit</b>
Customer	\$0.00
Non-Customer excluding Specialists and e-Specialists	\$0.20
Specialists and e-Specialists	\$0.13

Currently, Professional Customer QCC trades are charged as “Non-Customer excluding Specialists and e-Specialists.”<sup>5</sup> The Exchange also offers a Floor Broker rebate which varies based on the volume of executed QCC orders, provided there are not Customers on both sides of the transaction (“Floor Broker Rebate”).<sup>6</sup>

<sup>4</sup> See Fee Schedule, Section I. F. (Qualified Contingent Cross (“QCC”) Fees & Credits for Standard Options & Mini Options), available [here](https://www.nyse.com/publicdocs/nyse/markets/amex-options/NYSE_Amex_Options_Fee_Schedule.pdf), [https://www.nyse.com/publicdocs/nyse/markets/amex-options/NYSE\\_Amex\\_Options\\_Fee\\_Schedule.pdf](https://www.nyse.com/publicdocs/nyse/markets/amex-options/NYSE_Amex_Options_Fee_Schedule.pdf).

<sup>5</sup> See *id.*, note 1 (providing a per contract rebate of either \$0.07 or \$0.10 to Floor Brokers executing qualifying QCC volume, depending on whether the Floor Broker executes 300,000 or fewer contracts (\$0.07 per contract) or more than 300,000 contracts (\$0.10 per contract)).

<sup>6</sup> See, e.g., Securities Exchange Act Release No. 68139 (November 2, 2012), 77 FR 66902, 66902, n. 5 (November 7, 2012) (SR-NYSEMKT-2012-56) (noting that Professional Customers are treated as Non-Customers in filing to modify QCC fees for Specialists and

The Exchange proposes to treat Professional Customers the same as Customers for purposes of fees for QCC transactions. In other words, Professional Customers would be charged \$0.00 for QCC trades. Thus, the Exchange proposes to modify Section I.F. to add reference to Professional Customers (along with the existing reference to Customers) to reflect this proposed change.

Currently, the Floor Broker Rebate is not available for QCC trades where neither side of the QCC is billable (i.e., Customer-to-Customer QCC transactions). Thus, by extension, the Exchange proposes that the Floor Broker Rebate would likewise be unavailable for QCC trades where there is a Professional Customer or Customer, or both, on both sides of the QCC transaction, as such transactions are all non-billable. For example, a Floor Broker executing as a QCC trade an order from a Customer buying 1,000 ABC Dec 40 Calls and an order from a Professional Customer selling 1,000 ABC Dec 40 Calls at \$2.00 would not be eligible for the Floor Broker credits. This example would also apply to QCC trades with a Professional Customer (or Customer) on both sides of the QCC transaction.

The proposal is designed to attract more QCC volume to the Exchange, because there would be no fee for Professional Customer orders, and to enhance the Exchange's competitiveness with other options exchanges that likewise do not charge QCC fees on Professional Customer orders.<sup>7</sup>

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of

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e-Specialists).

<sup>7</sup> See, e.g., NYSE Arca Options Fee Schedule, [available here](https://www.nyse.com/publicdocs/nyse/markets/arca-options/NYSE_Arca_Options_Fee_Schedule.pdf), [https://www.nyse.com/publicdocs/nyse/markets/arca-options/NYSE\\_Arca\\_Options\\_Fee\\_Schedule.pdf](https://www.nyse.com/publicdocs/nyse/markets/arca-options/NYSE_Arca_Options_Fee_Schedule.pdf); NASDAQ OMX PHLX LLC ("PHLX") pricing schedule (Section II), [available here](http://www.nasdaqtrader.com/Micro.aspx?id=PHLXPricing), <http://www.nasdaqtrader.com/Micro.aspx?id=PHLXPricing>.

the Act,<sup>8</sup> in general, and furthers the objectives of Sections 6(b)(4) and (5) of the Act,<sup>9</sup> 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 the proposal is reasonable, equitable and not unfairly discriminatory as it is consistent with other options markets that treat Professional Customers similar to Customers for purposes of QCC transaction fees.<sup>10</sup>

The Exchange also believes that the proposed changes are reasonable, equitable and not unfairly discriminatory because permitting Professional Customer orders to be treated similar to Customer orders (i.e., not be subject to a fee) should attract more QCC transactions to the Exchange, which would continue to make the Exchange a more competitive venue for, among other things, order execution.

For these reasons, the Exchange believes that the proposal is consistent with the Act.

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

In accordance with Section 6(b)(8) of the Act,<sup>11</sup> 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 change would continue to encourage competition, including by attracting additional QCC Transactions to the Exchange, which would continue to make the Exchange a more competitive venue for, among other things, order execution. The Exchange's proposal does not place on

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<sup>8</sup> 15 U.S.C. 78f(b).

<sup>9</sup> 15 U.S.C. 78f(b)(4) and (5).

<sup>10</sup> See supra note 7.

<sup>11</sup> 15 U.S.C. 78f(b)(8).

undue burden on inter-market competition because other exchanges likewise do not charge Professional Customers for QCC transactions.<sup>12</sup>

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. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, the degree to which fee changes in this market may impose any burden on competition is extremely limited. 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)<sup>13</sup> of the Act and subparagraph (f)(2) of Rule 19b-4<sup>14</sup> 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

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<sup>12</sup> See supra note 7.

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

<sup>14</sup> 17 CFR 240.19b-4(f)(2).

Commission shall institute proceedings under Section 19(b)(2)(B)<sup>15</sup> of the Act 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:

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-NYSEMKT-2016-91 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-NYSEMKT-2016-91. 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

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<sup>15</sup> 15 U.S.C. 78s(b)(2)(B).

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-NYSEMKT-2016-91, 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>16</sup>

Robert W. Errett  
Deputy Secretary

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<sup>16</sup> 17 CFR 200.30-3(a)(12).