

Required fields are shown with yellow backgrounds and asterisks.

Filing by Cboe BZX Exchange, Inc.  
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

|                                     |  |                          |   |                                      |                          |
|-------------------------------------|--|--------------------------|---|--------------------------------------|--------------------------|
| Initial *                           | Amendment *                                      | Withdrawal               | Section 19(b)(2) *                              | Section 19(b)(3)(A) *                | Section 19(b)(3)(B) *    |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>                         | <input type="checkbox"/> | <input type="checkbox"/>                        | <input checked="" type="checkbox"/>  | <input type="checkbox"/> |
|                                     |  |                          | Rule  |                                      |                          |
| Pilot                               | Extension of Time Period for Commission Action * | Date Expires *           | <input type="checkbox"/> 19b-4(f)(1)            | <input type="checkbox"/> 19b-4(f)(4) |                          |
| <input type="checkbox"/>            | <input type="checkbox"/>                         | <input type="text"/>     | <input checked="" type="checkbox"/> 19b-4(f)(2) | <input type="checkbox"/> 19b-4(f)(5) |                          |
|                                     |  |                          | <input type="checkbox"/> 19b-4(f)(3)            | <input type="checkbox"/> 19b-4(f)(6) |                          |

|   |  |
|---|--|
| Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010 | Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 |
| Section 806(e)(1) *   | Section 806(e)(2) *  |
| <input type="checkbox"/>  | <input type="checkbox"/>   |
|   | Section 3C(b)(2) *   |
|   | <input type="checkbox"/>   |

|                                  |                                  |
|----------------------------------|----------------------------------|
| Exhibit 2 Sent As Paper Document | Exhibit 3 Sent As Paper Document |
| <input type="checkbox"/>         | <input type="checkbox"/>         |

**Description**

Provide a brief description of the action (limit 250 characters, required when Initial is checked \*).

The Exchange proposes to amend the fee schedule applicable to the BZX equities trading platform as it relates to pricing for the use of the TRIM routing strategy.

**Contact Information**

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

|                            |                    |
|----------------------------|--------------------|
| First Name * Rebecca       | Last Name * Tenuta |
| Title * Counsel            |                    |
| E-mail * rtenuta@cboe.com  |                    |
| Telephone * (312) 786-7068 | Fax                |

**Signature**

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title \*)

|                   |         |
|-------------------|---------|
| Date 05/01/2019   | Counsel |
| By Rebecca Tenuta |         |
| (Name *)          |         |

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

**Form 19b-4 Information \***

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

**Exhibit 1 - Notice of Proposed Rule Change \***

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies \***

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications**

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

**Exhibit 3 - Form, Report, or Questionnaire**

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

**Exhibit 4 - Marked Copies**

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

**Exhibit 5 - Proposed Rule Text**

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

**Partial Amendment**

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> Cboe BZX Exchange, Inc. (“BZX” or the “Exchange”) is filing with the Securities and Exchange Commission (the “Commission”) a proposed rule change to amend the fee schedule applicable to the BZX equities trading platform (“BZX Equities”) as it relates to pricing for the use of the TRIM routing strategy.

The text of the proposed rule change is attached as Exhibit 5 and is available on the Exchange’s website at <http://markets.cboe.com/>, at the Exchange’s principal office and at the Public Reference Room of the Commission.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

(a) The Exchange’s President (or designee) pursuant to delegated authority approved the proposed rule change on May 1, 2019.

(b) Please refer questions and comments on the proposed rule change to Patrick Sexton, Executive Vice President, General Counsel, and Corporate Secretary, (312) 786-7462, or Rebecca Tenuta, Counsel, (312) 786-7068, Cboe BZX Exchange, Inc., 400 South LaSalle, Chicago, Illinois 60605.

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

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

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

(a) Purpose

The purpose of the proposed rule change is to amend the BZX Equities fee schedule to change the pricing applicable to orders routed using the TRIM routing strategy in connection with planned changes to the System routing table.<sup>3</sup> TRIM is a routing strategy offered by the Exchange that is used to target certain low cost venues by routing to those venues after accessing available liquidity on the BZX Book. In February 2019, New York Stock Exchange (“NYSE”) was removed from the System routing table as a low cost protected market center, and NYSE American LLC (“NYSE American”) and NYSE National, Inc. (“NYSE National”) were added as a low cost protected market centers. Therefore, pursuant to Rule 11.13(b)(3), the Exchange has determined to modify the System routing table such that TRIM no longer routes to NYSE, and has decided to add NYSE American and NYSE National as a low cost venues under the TRIM routing strategy. These changes to the TRIM routing strategy are scheduled to be introduced on May 1, 2019.

Currently, orders routed to NYSE using the TRIM routing strategy are assessed a fee of \$0.00280 per share.<sup>4</sup> Orders routed using the TRIM routing strategy to BYX are

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<sup>3</sup> The term “System routing table” refers to the proprietary process for determining the specific trading venues to which the System routes orders and the order in which it routes them. See Rule 11.13(b)(3). The Exchange reserves the right to maintain a different System routing table for different routing options and to modify the System routing table at any time without notice.

<sup>4</sup> See Cboe BZX U.S. Equities Exchange Fee Schedule, fee code D.

provided a rebate of \$0.00150 per share,<sup>5</sup> to EDGA are provided a rebate of \$0.00240 per share,<sup>6</sup> and to BX and provided a rebate of \$0.00100 per share.<sup>7</sup> Also, orders currently routed to NYSE American using the SLIM strategy are assessed a fee of \$0.0002 and yield fee code MX, and orders routed to NYSE National using the SLIM routing strategy are provided a rebate of \$0.00200 and yield fee code NX. The Exchange proposes a number of changes to these fees in connection with the changes to the routing table for TRIM.

In recognition of the fact that NYSE American and NYSE National can be accessed at a low cost today, the Exchange proposes to provide a fee and rebates to orders routed to these exchanges using the TRIM routing strategy, respectively. Specifically, the Exchange proposes to add TRIM to the list of routing strategies that yield fee codes MX and NX, which relate to orders routed to NYSE American and NYSE National, respectively. As proposed, orders routed using the TRIM routing strategy would be assessed a fee of \$0.00020 per share if executed on NYSE American (yielding an MX fee code). If executed on NYSE National (yielding an NX fee code), those orders using the TRIM routing strategy would be provided a rebate of \$0.00200 per share in securities priced at or above \$1.00, and no charge or rebate would be applied for securities priced below \$1.00. The fee and rebates are consistent with the fee and rebates currently offered for orders routed to NYSE American and NYSE National using a similar low cost routing strategy, SLIM, which yield fee codes MX and NX, respectively.

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<sup>5</sup> See Cboe BZX U.S. Equities Exchange Fee Schedule, fee code BY.

<sup>6</sup> See Cboe BZX U.S. Equities Exchange Fee Schedule, fee code BJ.

<sup>7</sup> See Cboe BZX U.S. Equities Exchange Fee Schedule, fee code TV.

In addition to this, the Exchange notes that orders routed to BYX using the TRIM or SLIM routing strategy<sup>8</sup> are provided rebates that are applicable to eligible orders in all securities. BYX, however, does not provide rebates to orders that remove liquidity in securities priced below \$1.00, and instead charges a fee.<sup>9</sup> As such, the Exchange proposes to amend the pricing for orders routed to BYX pursuant to fee code BY, such that no charge or rebate would be provided in securities priced below \$1.00 (i.e., the Exchange proposes to append footnote 11 to fee code BY in the Fees Codes and Associated Fees table).

Moreover, since NYSE is no longer included as a low cost protected market center, the Exchange proposes to eliminate special pricing for orders routed to NYSE using the TRIM routing strategy under fee code D. Such orders would now pay the default routing fee for orders routed using this routing strategy.<sup>10</sup>

(b) Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6 of the Act,<sup>11</sup> in general, and furthers the requirements 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

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<sup>8</sup> See supra note 5. The Exchange also notes that it is simultaneously proposing to discontinue the use of the TRIM2 routing strategy, effective May 1, 2019, which is currently provided as a routing strategy that yields fee code BY.

<sup>9</sup> Orders that remove liquidity on BYX in securities prices below \$1.00 are charged a fee of equal to 0.10% of the total dollar value. See Cboe BYX U.S. Equities Exchange Fee Schedule, Standard Rates.

<sup>10</sup> Pursuant to proposed fee codes MX and NX, as well as fee codes BY, BJ and TV. See supra notes 5-7.

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

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

charges among its members and other persons using its facilities. The Exchange believes the proposed routing fee changes are appropriate as they reflect changes to the System routing table used to determine the order in which venues are accessed using the TRIM routing strategy. As stated, TRIM specifically targets certain equities exchanges that provide low cost executions or rebates to liquidity removing orders, and routes to those venues after trading with the BZX Book. The Exchange believes that the proposed changes reflect the intent of Members when they submit routable order flow to the Exchange using the TRIM routing strategy.

The Exchange believes that it is reasonable and equitable to assess the proposed fee on orders routed to NYSE American and proposed rebate on orders routed to NYSE National using the TRIM routing strategy. As mentioned previously, the Exchange recently added these two exchanges to its list of low cost protected market centers, and wishes to provide the benefit of the rebate or lower fee provided by those markets to BZX Members using the TRIM routing strategy. The Exchange currently offers such incentives when routing to those markets using another low cost routing strategy, SLIM. As is the case for orders routed via the SLIM routing strategy to NYSE American or NYSE National, the Exchange believes the proposed fees and rebates applicable to the TRIM routing strategy to these venues generally reflect the current transaction fees and rebates available for accessing liquidity on those markets.<sup>13</sup> The Exchange believes that

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<sup>13</sup> NYSE American currently charges a fee for removing liquidity that is \$0.00020 per share in securities priced at or above \$1.00, and 0.25% of the total dollar value of the transaction in securities priced below \$1.00. See NYSE American Equities Price List, I. Transaction Fees.

NYSE National currently provides a rebate of \$0.00200 per share in securities priced at or above \$1.00 for members that achieve their taking tier. See NYSE

these changes may increase interest in the Exchange's TRIM routing strategy, in particular, by passing on better pricing to BZX members that choose to enter such orders on the Exchange, thereby encouraging additional order flow to be entered to the BZX Book. In addition to this, the Exchange believes that is reasonable and equitable to eliminate special pricing for orders routed to NYSE using TRIM under fee code D, as NYSE is no longer included as a low cost protected market center.

The Exchange also believes that it is reasonable and equitable to provide free executions, rather than rebates, for orders routed to BYX using the TRIM or SLIM routing strategies<sup>14</sup> in securities priced below \$1.00. Although BYX generally provides rebates to orders that remove liquidity, those rebates are limited to securities priced at or above \$1.00.<sup>15</sup> For orders that remove liquidity in securities priced below \$1.00, BYX instead charges a fee.<sup>16</sup> With the proposed change to the routing fees, the Exchange would recoup some, but not all, of the cost associated with routing orders in lower priced securities to BYX on behalf of Members that use the TRIM or SLIM routing strategies.<sup>17</sup>

Finally, the Exchange believes that the proposed changes are equitable and not unfairly discriminatory as the proposed fees and rebates would apply equally to all Members that use the Exchange to route orders using the associated routing strategy. The

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National Schedule of Fees and Rebates, I. Transaction Fees, B. Tiered Rates. Orders that remove liquidity in securities below \$1.00 are executed without charge or rebate. See NYSE National, Schedule of Fees and Rebates, I. Transaction Fees, A. General Rates.

<sup>14</sup> See supra note 8.

<sup>15</sup> See supra note 9.

<sup>16</sup> Id.

<sup>17</sup> See supra note 8.

proposed fees are designed to reflect the fees charged and rebates offered by certain away trading centers that are accessed by Exchange routing strategies, and are being made in conjunction with changes to the System routing table designed to provide Members with low cost executions for their routable order flow. Furthermore, if Members do not favor the proposed pricing, they can send their routable orders directly to away markets instead of using routing functionality provided by the Exchange. Routing through the Exchange is voluntary, and the Exchange operates in a competitive environment where market participants can readily direct order flow to competing venues or providers of routing services if they deem fee levels to be excessive.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended. The proposed routing fee changes are designed to reflect changes being made to the System routing table used to determine where to send certain routable orders, and generally provide better pricing to Members for orders routed to low cost protected market centers using the Exchange's routing strategies. The Exchange operates in a highly competitive market in which market participants can readily direct their order flow to competing venues. In such an environment, the Exchange must continually review, and consider adjusting, its fees and rebates to remain competitive with other exchanges. For the reasons described above, the Exchange believes that the proposed fee changes reflect this competitive environment.

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

No written comments were either solicited or received.

6. Extension of Time Period for Commission Action

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

Pursuant to Section 19(b)(3)(A)(ii) of the Act<sup>18</sup> and Rule 19b-4(f)(2) thereunder,<sup>19</sup> the Exchange has designated this proposal as establishing or changing a due, fee, or other charge imposed by the self-regulatory organization on any person, whether or not the person is a member of the self-regulatory organization, which renders the proposed rule change effective upon filing. 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.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

Not applicable.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advanced Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

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<sup>18</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>19</sup> 17 CFR 240.19b-4(f)(2).

Not applicable.

11. Exhibits

Exhibit 1 – Form of Notice of Proposed Rule Change for Federal Register

Exhibit 5 – Text of Proposed Rule Change

EXHIBIT 1**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34- ; File No. SR-CboeBZX-2019-039]

[Insert date]

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Amend the Fee Schedule Applicable to the BZX Equities Trading Platform (“BZX Equities”) as it Relates to Pricing for the Use of the TRIM Routing Strategy

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on [insert date], Cboe BZX Exchange, Inc. (the “Exchange” or “BZX”) 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 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 BZX Exchange, Inc. (“BZX” or the “Exchange”) is filing with the Securities and Exchange Commission (the “Commission”) a proposed rule change to amend the fee schedule applicable to the BZX equities trading platform (“BZX Equities”) as it relates to pricing for the use of the TRIM routing strategy. The text of the proposed rule change is attached as Exhibit 5.

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

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

The text of the proposed rule change is also available on the Exchange's website ([http://markets.cboe.com/us/equities/regulation/rule\\_filings/bzx/](http://markets.cboe.com/us/equities/regulation/rule_filings/bzx/)), at the Exchange's Office of the Secretary, 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 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 purpose of the proposed rule change is to amend the BZX Equities fee schedule to change the pricing applicable to orders routed using the TRIM routing strategy in connection with planned changes to the System routing table.<sup>3</sup> TRIM is a routing strategy offered by the Exchange that is used to target certain low cost venues by routing to those venues after accessing available liquidity on the BZX Book. In February 2019, New York Stock Exchange ("NYSE") was removed from the System routing table as a low cost protected market center, and NYSE American LLC ("NYSE American") and NYSE National, Inc. ("NYSE National") were added as a low cost protected market

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<sup>3</sup> The term "System routing table" refers to the proprietary process for determining the specific trading venues to which the System routes orders and the order in which it routes them. See Rule 11.13(b)(3). The Exchange reserves the right to maintain a different System routing table for different routing options and to modify the System routing table at any time without notice.

centers. Therefore, pursuant to Rule 11.13(b)(3), the Exchange has determined to modify the System routing table such that TRIM no longer routes to NYSE, and has decided to add NYSE American and NYSE National as a low cost venues under the TRIM routing strategy. These changes to the TRIM routing strategy are scheduled to be introduced on May 1, 2019.

Currently, orders routed to NYSE using the TRIM routing strategy are assessed a fee of \$0.00280 per share.<sup>4</sup> Orders routed using the TRIM routing strategy to BYX are provided a rebate of \$0.00150 per share,<sup>5</sup> to EDGA are provided a rebate of \$0.00240 per share,<sup>6</sup> and to BX and provided a rebate of \$0.00100 per share.<sup>7</sup> Also, orders currently routed to NYSE American using the SLIM strategy are assessed a fee of \$0.0002 and yield fee code MX, and orders routed to NYSE National using the SLIM routing strategy are provided a rebate of \$0.00200 and yield fee code NX. The Exchange proposes a number of changes to these fees in connection with the changes to the routing table for TRIM.

In recognition of the fact that NYSE American and NYSE National can be accessed at a low cost today, the Exchange proposes to provide a fee and rebates to orders routed to these exchanges using the TRIM routing strategy, respectively. Specifically, the Exchange proposes to add TRIM to the list of routing strategies that yield fee codes MX and NX, which relate to orders routed to NYSE American and NYSE National, respectively. As proposed, orders routed using the TRIM routing strategy

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<sup>4</sup> See Cboe BZX U.S. Equities Exchange Fee Schedule, fee code D.

<sup>5</sup> See Cboe BZX U.S. Equities Exchange Fee Schedule, fee code BY.

<sup>6</sup> See Cboe BZX U.S. Equities Exchange Fee Schedule, fee code BJ.

<sup>7</sup> See Cboe BZX U.S. Equities Exchange Fee Schedule, fee code TV.

would be assessed a fee of \$0.00020 per share if executed on NYSE American (yielding an MX fee code). If executed on NYSE National (yielding an NX fee code), those orders using the TRIM routing strategy would be provided a rebate of \$0.00200 per share in securities priced at or above \$1.00, and no charge or rebate would be applied for securities priced below \$1.00. The fee and rebates are consistent with the fee and rebates currently offered for orders routed to NYSE American and NYSE National using a similar low cost routing strategy, SLIM, which yield fee codes MX and NX, respectively.

In addition to this, the Exchange notes that orders routed to BYX using the TRIM or SLIM routing strategy<sup>8</sup> are provided rebates that are applicable to eligible orders in all securities. BYX, however, does not provide rebates to orders that remove liquidity in securities priced below \$1.00, and instead charges a fee.<sup>9</sup> As such, the Exchange proposes to amend the pricing for orders routed to BYX pursuant to fee code BY, such that no charge or rebate would be provided in securities priced below \$1.00 (i.e., the Exchange proposes to append footnote 11 to fee code BY in the Fees Codes and Associated Fees table).

Moreover, since NYSE is no longer included as a low cost protected market center, the Exchange proposes to eliminate special pricing for orders routed to NYSE using the TRIM routing strategy under fee code D. Such orders would now pay the default routing fee for orders routed using this routing strategy.<sup>10</sup>

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<sup>8</sup> See supra note 5. The Exchange also notes that it is simultaneously proposing to discontinue the use of the TRIM2 routing strategy, effective May 1, 2019, which is currently provided as a routing strategy that yields fee code BY.

<sup>9</sup> Orders that remove liquidity on BYX in securities prices below \$1.00 are charged a fee of equal to 0.10% of the total dollar value. See Cboe BYX U.S. Equities Exchange Fee Schedule, Standard Rates.

<sup>10</sup> Pursuant to proposed fee codes MX and NX, as well as fee codes BY, BJ and TV.

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6 of the Act,<sup>11</sup> in general, and furthers the requirements 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 believes the proposed routing fee changes are appropriate as they reflect changes to the System routing table used to determine the order in which venues are accessed using the TRIM routing strategy. As stated, TRIM specifically targets certain equities exchanges that provide low cost executions or rebates to liquidity removing orders, and routes to those venues after trading with the BZX Book. The Exchange believes that the proposed changes reflect the intent of Members when they submit routable order flow to the Exchange using the TRIM routing strategy.

The Exchange believes that it is reasonable and equitable to assess the proposed fee on orders routed to NYSE American and proposed rebate on orders routed to NYSE National using the TRIM routing strategy. As mentioned previously, the Exchange recently added these two exchanges to its list of low cost protected market centers, and wishes to provide the benefit of the rebate or lower fee provided by those markets to BZX Members using the TRIM routing strategy. The Exchange currently offers such incentives when routing to those markets using another low cost routing strategy, SLIM. As is the case for orders routed via the SLIM routing strategy to NYSE American or NYSE National, the Exchange believes the proposed fees and rebates applicable to the

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See supra notes 5-7.

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

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

TRIM routing strategy to these venues generally reflect the current transaction fees and rebates available for accessing liquidity on those markets.<sup>13</sup> The Exchange believes that these changes may increase interest in the Exchange's TRIM routing strategy, in particular, by passing on better pricing to BZX members that choose to enter such orders on the Exchange, thereby encouraging additional order flow to be entered to the BZX Book. In addition to this, the Exchange believes that is reasonable and equitable to eliminate special pricing for orders routed to NYSE using TRIM under fee code D, as NYSE is no longer included as a low cost protected market center.

The Exchange also believes that it is reasonable and equitable to provide free executions, rather than rebates, for orders routed to BYX using the TRIM or SLIM routing strategies<sup>14</sup> in securities priced below \$1.00. Although BYX generally provides rebates to orders that remove liquidity, those rebates are limited to securities priced at or above \$1.00.<sup>15</sup> For orders that remove liquidity in securities priced below \$1.00, BYX instead charges a fee.<sup>16</sup> With the proposed change to the routing fees, the Exchange

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<sup>13</sup> NYSE American currently charges a fee for removing liquidity that is \$0.00020 per share in securities priced at or above \$1.00, and 0.25% of the total dollar value of the transaction in securities priced below \$1.00. See NYSE American Equities Price List, I. Transaction Fees.

NYSE National currently provides a rebate of \$0.00200 per share in securities priced at or above \$1.00 for members that achieve their taking tier. See NYSE National Schedule of Fees and Rebates, I. Transaction Fees, B. Tiered Rates. Orders that remove liquidity in securities below \$1.00 are executed without charge or rebate. See NYSE National, Schedule of Fees and Rebates, I. Transaction Fees, A. General Rates.

<sup>14</sup> See supra note 8.

<sup>15</sup> See supra note 9.

<sup>16</sup> Id.

would recoup some, but not all, of the cost associated with routing orders in lower priced securities to BYX on behalf of Members that use the TRIM or SLIM routing strategies.<sup>17</sup>

Finally, the Exchange believes that the proposed changes are equitable and not unfairly discriminatory as the proposed fees and rebates would apply equally to all Members that use the Exchange to route orders using the associated routing strategy. The proposed fees are designed to reflect the fees charged and rebates offered by certain away trading centers that are accessed by Exchange routing strategies, and are being made in conjunction with changes to the System routing table designed to provide Members with low cost executions for their routable order flow. Furthermore, if Members do not favor the proposed pricing, they can send their routable orders directly to away markets instead of using routing functionality provided by the Exchange. Routing through the Exchange is voluntary, and the Exchange operates in a competitive environment where market participants can readily direct order flow to competing venues or providers of routing services if they deem fee levels to be excessive.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended. The proposed routing fee changes are designed to reflect changes being made to the System routing table used to determine where to send certain routable orders, and generally provide better pricing to Members for orders routed to low cost protected market centers using the Exchange's routing strategies. The Exchange operates in a highly competitive market in which market participants can readily direct their order

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<sup>17</sup> See supra note 8.

flow to competing venues. In such an environment, the Exchange must continually review, and consider adjusting, its fees and rebates to remain competitive with other exchanges. For the reasons described above, the Exchange believes that the proposed fee changes reflect 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 either solicited or received

**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>18</sup> and paragraph (f) of Rule 19b-4<sup>19</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:

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<sup>18</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>19</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-CboeBZX-2019-039 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-CboeBZX-2019-039. 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, D.C. 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; 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-CboeBZX-2019-039 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>20</sup>

Secretary

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<sup>20</sup> 17 CFR 200.30-3(a)(12).

## EXHIBIT 5

(additions are underlined; deletions are [bracketed])

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**Cboe BZX U.S. Equities Exchange Fee Schedule**

Effective [April]May 1, 2019

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**Fee Codes and Associated Fees:**

| Fee Code                          | Description   | Fee/(Rebate) |
|-----------------------------------|---|--------------|
| 10 <sup>10</sup> – BO             | No change.  | No change.   |
| BY <sup>11</sup>                  | Routed to BYX using Destination Specific, TRIM, TRIM2 or SLIM routing strategy                | (0.00150)    |
| CL                                | No change.  | No change.   |
| D                                 | Routed to NYSE using Destination Specific, RDOT[,] <u>or</u> RDOX[, or TRIM] routing strategy | 0.00280      |
| F <sup>10</sup> – J               | No change.  | No change.   |
| MX                                | Routed to NYSE American using <u>TRIM</u> or <u>SLIM</u> routing strategy                     | \$0.00020    |
| N <sup>6</sup> - NB <sup>18</sup> | No change.  | No change.   |
| NX <sup>11</sup>                  | Routed to NYSE National using <u>TRIM</u> or <u>SLIM</u> routing strategy                     | (\$0.00200)  |
| O - ZR <sup>6</sup>               | No change.  | No change.   |