

## OMB APPROVAL

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Required fields are shown with yellow backgrounds and asterisks.

Page 1 of \* 14

SECURITIES AND EXCHANGE COMMISSION  
 WASHINGTON, D.C. 20549  
 Form 19b-4

File No.\* SR - 2017 - \* 11  
 Amendment No. (req. for Amendments \*) 2

Filing by Bats BYX 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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Pilot	Extension of Time Period for Commission Action *	Date Expires *	Rule		
<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<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) \*

☐

Exhibit 2 Sent As Paper Document



Exhibit 3 Sent As Paper Document



### Description

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

### 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 *	Laura	Last Name *	Dickman
Title *	Lead Counsel		
E-mail *	dickman@cboe.com		
Telephone *	(312) 786-7572	Fax	<input type="text"/>

### 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 12/07/2017

By Laura G. Dickman

(Name \*)

Lead Counsel

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.

dickman@cboe.com

SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549	
For complete Form 19b-4 instructions please refer to the EFFT website.	
<div>Form 19b-4 Information *</div> <div><div>Add</div><div>Remove</div><div>View</div></div>	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.
<div>Exhibit 1 - Notice of Proposed Rule Change *</div> <div><div>Add</div><div>Remove</div><div>View</div></div>	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)
<div>Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *</div> <div><div>Add</div><div>Remove</div><div>View</div></div>	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)
<div>Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications</div> <div><div>Add</div><div>Remove</div><div>View</div></div> <div>Exhibit Sent As Paper Document <input type="checkbox"/></div>	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.
<div>Exhibit 3 - Form, Report, or Questionnaire</div> <div><div>Add</div><div>Remove</div><div>View</div></div> <div>Exhibit Sent As Paper Document <input type="checkbox"/></div>	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.
<div>Exhibit 4 - Marked Copies</div> <div><div>Add</div><div>Remove</div><div>View</div></div>	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.
<div>Exhibit 5 - Proposed Rule Text</div> <div><div>Add</div><div>Remove</div><div>View</div></div>	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.
<div>Partial Amendment</div> <div><div>Add</div><div>Remove</div><div>View</div></div>	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.

**Partial Amendment No. 2 to SR-BatsBYX-2017-11**

On May 16, 2017, Cboe BYX Exchange, Inc. (“SRO”) filed with the Securities and Exchange Commission (“Commission” or “SEC”) proposed rule change SR-BatsBYX-2017-11 (the “Original Proposal”), pursuant to which SRO proposed to adopt a fee schedule to establish the fees for Industry Members related to the National Market System Plan Governing the Consolidated Audit Trail (the “CAT NMS Plan” or “Plan”).<sup>1</sup> On November 3, 2017, SRO filed an amendment to the Original Proposal (“First Amendment”). SRO files this proposed rule change (the “Second Amendment”) to amend the Original Proposal as amended by the First Amendment.

With this Second Amendment, SRO is including Exhibit 4, which reflects the changes to the text of the proposed rule change as set forth in the First Amendment, and Exhibit 5, which reflects all proposed changes to SRO’s current rule text.

BOX Options Exchange LLC, Cboe BYX Exchange, Inc., Cboe BZX Exchange, Inc., Cboe EDGA Exchange, Inc., Cboe EDGX Exchange, Inc., Cboe C2 Exchange, Inc., Cboe Exchange, Inc., Chicago Stock Exchange, Inc., Financial Industry Regulatory Authority, Inc. (“FINRA”), Investors’ Exchange LLC, Miami International Securities Exchange, LLC, MIAX PEARL, LLC, NASDAQ BX, Inc., Nasdaq GEMX, LLC, Nasdaq ISE, LLC, Nasdaq MRX, LLC, NASDAQ PHLX LLC, The NASDAQ Stock Market LLC, New York Stock Exchange LLC, NYSE American LLC, NYSE Arca, Inc. and NYSE National, Inc.<sup>2</sup> (collectively, the

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<sup>1</sup> Unless otherwise specified, capitalized terms used in this fee filing are defined as set forth herein, the CAT Compliance Rule Series, in the CAT NMS Plan, or the Original Proposal.

<sup>2</sup> Note that Bats BYX Exchange, Inc., Bats BZX Exchange, Inc., Bats EDGA Exchange, Inc., Bats EDGX Exchange, Inc., LLC, C2 Options Exchange, Incorporated, and Chicago Board Options Exchange, Incorporated, have been renamed Cboe BYX Exchange, Inc.,

“Participants”) filed with the Commission, pursuant to Section 11A of the Exchange Act<sup>3</sup> and Rule 608 of Regulation NMS thereunder,<sup>4</sup> the CAT NMS Plan.<sup>5</sup> The Participants filed the Plan to comply with Rule 613 of Regulation NMS under the Exchange Act. The Plan was published for comment in the Federal Register on May 17, 2016,<sup>6</sup> and approved by the Commission, as modified, on November 15, 2016.<sup>7</sup> The Plan is designed to create, implement and maintain a consolidated audit trail (“CAT”) that would capture customer and order event information for orders in NMS Securities and OTC Equity Securities, across all markets, from the time of order inception through routing, cancellation, modification, or execution in a single consolidated data source. The Plan accomplishes this by creating CAT NMS, LLC (the “Company”), of which each Participant is a member, to operate the CAT.<sup>8</sup> Under the CAT NMS Plan, the Operating Committee of the Company (“Operating Committee”) has discretion to establish funding for the Company to operate the CAT, including establishing fees that the Participants will pay, and establishing fees for Industry Members that will be implemented by the Participants (“CAT

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Cboe BZX Exchange, Inc., Cboe EDGA Exchange, Inc., Cboe EDGX Exchange, Inc., Cboe C2 Exchange, Inc., Cboe Exchange, Inc., respectively.

<sup>3</sup> 15 U.S.C. 78k-1.

<sup>4</sup> 17 CFR 242.608.

<sup>5</sup> *See* Letter from the Participants to Brent J. Fields, Secretary, Commission, dated September 30, 2014; and Letter from Participants to Brent J. Fields, Secretary, Commission, dated February 27, 2015. On December 24, 2015, the Participants submitted an amendment to the CAT NMS Plan. *See* Letter from Participants to Brent J. Fields, Secretary, Commission, dated December 23, 2015.

<sup>6</sup> Securities Exchange Act Rel. No. 77724 (Apr. 27, 2016), 81 Fed. Reg. 30614 (May 17, 2016).

<sup>7</sup> Securities Exchange Act Rel. No. 79318 (Nov. 15, 2016), 81 Fed. Reg. 84696 (Nov. 23, 2016) (“Approval Order”).

<sup>8</sup> The Plan also serves as the limited liability company agreement for the Company.

Fees”).<sup>9</sup> The Participants are required to file with the SEC under Section 19(b) of the Exchange Act any such CAT Fees applicable to Industry Members that the Operating Committee approves.<sup>10</sup> Accordingly, SRO submitted the Original Proposal to propose the Consolidated Audit Trail Funding Fees, which would require Industry Members that are SRO members to pay the CAT Fees determined by the Operating Committee.

The Commission published the Original Proposal for public comment in the Federal Register on June 5, 2017,<sup>11</sup> and received comments in response to the Original Proposal or similar fee filings by other Participants.<sup>12</sup> On June 30, 2017, the Commission suspended, and instituted proceedings to determine whether to approve or disapprove, the Original Proposal.<sup>13</sup> The Commission received seven comment letters in response to those proceedings.<sup>14</sup>

In response to the comments on the Original Proposal, the Operating Committee determined to make the following changes to the funding model: (1) adds two additional CAT

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<sup>9</sup> Section 11.1(b) of the CAT NMS Plan.

<sup>10</sup> *Id.*

<sup>11</sup> Securities Exchange Act Rel. No. 80809 (May 30, 2017), 82 FR 25837 (June 5, 2017) (SR-BatsBYX-2017-11).

<sup>12</sup> For a summary of comments, *see generally* Securities Exchange Act Rel. No. 81067 (June 30, 2017), 82 Fed. Reg. 31656 (July 7, 2017) (“Suspension Order”).

<sup>13</sup> Suspension Order.

<sup>14</sup> *See* Letter from Stuart J. Kaswell, Executive Vice President, Managing Director and General Counsel, Managed Funds Association, to Brent J. Fields, Secretary, SEC (July 28, 2017); Letter from Theodore R. Lazo, Managing Director and Associate General Counsel, SIFMA, to Brent J. Fields, Secretary, SEC (July 28, 2017); Joanna Mallers, Secretary, FIA Principal Traders Group, to Brent J. Fields, Secretary, SEC (July 28, 2017); Letter from Kevin Coleman, General Counsel & Chief Compliance Officer, Belvedere Trading LLC, to Brent J. Fields, Secretary, SEC (July 28, 2017); Letter from W. Hardy Callcott, Sidley Austin LLP, to Brent J. Fields, Secretary, SEC (July 27, 2017); Letter from John Kinahan, Chief Executive Officer, Group One Trading, L.P., to Brent J. Fields, Secretary, SEC (Aug. 10, 2017); and Letter from Joseph Molluso, Executive Vice President, Virtu Financial, to Brent J. Fields, Secretary, SEC (Aug. 18, 2017).

Fee tiers for Equity Execution Venues; (2) discounts the market share of Execution Venue ATSs exclusively trading OTC Equity Securities as well as the market share of the FINRA over-the-counter reporting facility (“ORF”) by the average shares per trade ratio between NMS Stocks and OTC Equity Securities (calculated as 0.17% based on available data from the second quarter of 2017) when calculating the market share of Execution Venue ATS exclusively trading OTC Equity Securities and FINRA; (3) discounts the Options Market Maker quotes by the trade to quote ratio for options (calculated as 0.01% based on available data for June 2016 through June 2017) when calculating message traffic for Options Market Makers; (4) discounts equity market maker quotes by the trade to quote ratio for equities (calculated as 5.43% based on available data for June 2016 through June 2017) when calculating message traffic for equity market makers; (5) decreases the number of tiers for Industry Members (other than the Execution Venue ATSs) from nine to seven; (6) changes the allocation of CAT costs between Equity Execution Venues and Options Execution Venues from 75%/25% to 67%/33%; (7) adjusts tier percentages and recovery allocations for Equity Execution Venues, Options Execution Venues and Industry Members (other than Execution Venue ATSs); (8) focuses the comparability of CAT Fees on the individual entity level, rather than primarily on the comparability of affiliated entities; (9) commences invoicing of CAT Reporters as promptly as possible following the latest of the operative date of the Consolidated Audit Trail Funding Fees for each of the Participants and the operative date of the CAT NMS Plan amendment adopting CAT Fees for Participants; and (10) requires the proposed fees to automatically expire two years from the operative date of the CAT NMS Plan amendment adopting CAT Fees for Participants. On November 3, 2017, SRO filed the First Amendment and proposed to amend the Original Proposal to reflect these changes.

SRO submits this Second Amendment to the revise the proposal as set forth in the First Amendment to discount the OTC Equity Securities market share of all Execution Venue ATSS trading OTC Equity Securities, rather than applying the discount solely to those Execution Venue ATSS that exclusively trade OTC Equity Securities, when calculating the market share of Execution Venue ATS trading OTC Equity Securities. As discussed in the First Amendment:

The Operating Committee determined to discount the market share of Execution Venue ATSS exclusively trading OTC Equity Securities as well as the market share of the FINRA ORF in recognition of the different trading characteristics of the OTC Equity Securities market as compared to the market in NMS Stocks. Many OTC Equity Securities are priced at less than one dollar—and a significant number at less than one penny—per share and low-priced shares tend to trade in larger quantities. Accordingly, a disproportionately large number of shares are involved in transactions involving OTC Equity Securities versus NMS Stocks. Because the proposed fee tiers are based on market share calculated by share volume, Execution Venue ATSS exclusively trading OTC Equity Securities and FINRA would likely be subject to higher tiers than their operations may warrant.<sup>15</sup>

The Operating Committee believes that this argument applies equally to both Execution Venue ATSS exclusively trading OTC Equity Securities and to Execution Venue ATSS that trade OTC Equity Securities as well as other securities. Accordingly, SRO proposes to amend paragraph (b)(2) of the Consolidated Audit Trail Funding Fees to apply the discount to all Execution Venue ATSS trading OTC Equity Securities. Specifically, SRO proposes to change the parenthetical

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<sup>15</sup> SR-BatsBYX-2017-11, Amendment No. 1 at page 30.

regarding the OTC Equity Securities discount in paragraph (b)(2) of the proposed fee schedule from “with a discount for Equity ATSS exclusively trading OTC Equity Securities based on the average shares per trade ratio between NMS Stocks and OTC Equity Securities” to “with a discount for OTC Equity Securities market share of Equity ATSS trading OTC Equity Securities based on the average shares per trade ratio between NMS Stocks and OTC Equity Securities.”



EXHIBIT 4

(additions are underlined; deletions are [bracketed])

\* \* \* \* \*

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

**Effective [~~November 3~~December 7, 2017**

\* \* \* \* \*

**Membership Fees:**

(No change).

**Consolidated Audit Trail - Funding Fees:**

**(a) Definitions:**

(1) For purposes of the Consolidated Audit Trail Funding Fees, the terms “CAT”, “CAT NMS Plan”, “Industry Member”, “NMS Stock”, “OTC Equity Security”, “Options Market Maker”, and “Participant” are defined as set forth in [the] Rule 4.5 (Consolidated Audit Trail – Definitions).

(2) “ATS” means an alternative trading system as defined in Rule 300(a) of Regulation ATS under the Securities Exchange Act of 1934, as amended, that operates pursuant to Rule 301 of Regulation ATS.

(3) “CAT Fee” means the Consolidated Audit Trail Funding Fee(s) to be paid by Industry Members as set forth in paragraph (b) below.

(4) “Equity ATS” is an ATS that executes transactions in NMS Stocks and/or OTC Equity Securities.

(5) “Equity Execution Venue” means an Execution Venue that trades NMS Stocks and/or OTC Equity Securities.

(6) “Execution Venue” means a Participant or an ATS (excluding any such ATS that does not execute orders).

**(b) Fee Schedule:**

(1) The CAT NMS, LLC will assign each Industry Member (other than an Equity ATS) to a fee tier once every quarter, where such tier assignment is calculated by ranking each Industry Member based on its total message traffic (with discounts for equity market maker quotes and Options Market Maker quotes based on the trade to quote ratio for equities and options,

respectively) for the three months prior to the quarterly tier calculation day and assigning each Industry Member to a tier based on that ranking and predefined Industry Member percentages. The Industry Members with the highest total quarterly message traffic will be ranked in Tier 1, and the Industry Members with lowest quarterly message traffic will be ranked in Tier 7. Each quarter, each Industry Member (other than an Equity ATS) shall pay the following CAT Fee corresponding to the tier assigned by the CAT NMS, LLC for such Industry Member for that quarter:

<b>Tier</b>	<b>Percentage of Industry Members</b>	<b>Quarterly CAT Fee</b>
1	0.900%	\$81,483
2	2.150%	\$59,055
3	2.800%	\$40,899
4	7.750%	\$25,566
5	8.300%	\$7,428
6	18.800%	\$1,968
7	59.300%	\$105

(2) The CAT NMS, LLC will assign each Equity ATS to a fee tier once every quarter, where such tier assignment is calculated by ranking each Equity Execution Venue based on its total market share of NMS Stocks and OTC Equity Securities (with a discount for the OTC Equity Securities market share of Equity ATSs [exclusively] trading OTC Equity Securities based on the average shares per trade ratio between NMS Stocks and OTC Equity Securities) for the three months prior to the quarterly tier calculation day and assigning each Equity Execution Venue to a tier based on that ranking and predefined Equity Execution Venue percentages. The Equity Execution Venues with the higher total quarterly market share will be ranked in Tier 1, and the Equity Execution Venues with the lowest quarterly market share will be ranked in Tier 4. Each quarter, each Equity ATS shall pay the following CAT Fee corresponding to the tier assigned by the CAT NMS, LLC for such Equity ATS for that quarter:

<b>Tier</b>	<b>Percentage of Equity Execution Venues</b>	<b>Quarterly CAT Fee</b>
1	25.00%	\$81,048
2	42.00%	\$37,062
3	23.00%	\$21,126
4	10.00%	\$129

**(c) Timing and Manner of Payments:**

(1) The CAT NMS, LLC will provide each Industry Member with one invoice each quarter for its CAT Fees as determined pursuant to paragraph (b) above, regardless of whether the Industry Member is a member of multiple self-regulatory organizations. Each Industry Member will pay its CAT Fees to the CAT NMS, LLC via the centralized system for the collection of CAT Fees established by the CAT NMS, LLC in the manner prescribed by the CAT NMS, LLC.

(2) Each Industry Member shall pay CAT Fees within thirty days after receipt of an invoice or other notice indicating payment is due (unless a longer payment period is otherwise indicated). If an Industry Member fails to pay any such fee when due, such Industry Member shall pay interest on the outstanding balance from such due date until such fee is paid at a per annum rate equal to the lesser of (i) the Prime Rate plus 300 basis points, or (ii) the maximum rate permitted by applicable law.

**(d) Expiration:** These Consolidated Audit Trail Funding Fees will automatically expire two years after the operative date of the amendment of the CAT NMS Plan that adopts CAT fees for the Participants.

EXHIBIT 5

(additions are underlined; deletions are [bracketed])

\* \* \* \* \*

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

**[November 3]December 7, 2017**

\* \* \* \* \*

**Membership Fees:**

No change.

**Consolidated Audit Trail - Funding Fees**

**(a) Definitions**

(1) For purposes of the Consolidated Audit Trail Funding Fees, the terms “CAT”, “CAT NMS Plan”, “Industry Member”, “NMS Stock”, “OTC Equity Security”, “Options Market Maker”, and “Participant” are defined as set forth in Rule 4.5 (Consolidated Audit Trail – Definitions).

(2) “ATS” means an alternative trading system as defined in Rule 300(a) of Regulation ATS under the Securities Exchange Act of 1934, as amended, that operates pursuant to Rule 301 of Regulation ATS.

(3) “CAT Fee” means the Consolidated Audit Trail Funding Fee(s) to be paid by Industry Members as set forth in paragraph (b) below.

(4) “Equity ATS” is an ATS that executes transactions in NMS Stocks and/or OTC Equity Securities.

(5) “Equity Execution Venue” means an Execution Venue that trades NMS Stocks and/or OTC Equity Securities.

(6) “Execution Venue” means a Participant or an ATS (excluding any such ATS that does not execute orders).

**(b) Fee Schedule**

(1) The CAT NMS, LLC will assign each Industry Member (other than an Equity ATS) to a fee tier once every quarter, where such tier assignment is calculated by ranking each Industry Member based on its total message traffic (with discounts for equity market maker quotes and Options Market Maker quotes based on the trade to quote ratio for equities and options,

respectively) for the three months prior to the quarterly tier calculation day and assigning each Industry Member to a tier based on that ranking and predefined Industry Member percentages. The Industry Members with the highest total quarterly message traffic will be ranked in Tier 1, and the Industry Members with lowest quarterly message traffic will be ranked in Tier 7. Each quarter, each Industry Member (other than an Equity ATS) shall pay the following CAT Fee corresponding to the tier assigned by the CAT NMS, LLC for such Industry Member for that quarter:

<u>Tier</u>	<u>Percentage of Industry Members</u>	<u>Quarterly CAT Fee</u>
<u>1</u>	<u>0.900%</u>	<u>\$81,483</u>
<u>2</u>	<u>2.150%</u>	<u>\$59,055</u>
<u>3</u>	<u>2.800%</u>	<u>\$40,899</u>
<u>4</u>	<u>7.750%</u>	<u>\$25,566</u>
<u>5</u>	<u>8.300%</u>	<u>\$7,428</u>
<u>6</u>	<u>18.800%</u>	<u>\$1,968</u>
<u>7</u>	<u>59.300%</u>	<u>\$105</u>

(2) The CAT NMS, LLC will assign each Equity ATS to a fee tier once every quarter, where such tier assignment is calculated by ranking each Equity Execution Venue based on its total market share of NMS Stocks and OTC Equity Securities (with a discount for the OTC Equity Securities market share of Equity ATSs trading OTC Equity Securities based on the average shares per trade ratio between NMS Stocks and OTC Equity Securities) for the three months prior to the quarterly tier calculation day and assigning each Equity Execution Venue to a tier based on that ranking and predefined Equity Execution Venue percentages. The Equity Execution Venues with the higher total quarterly market share will be ranked in Tier 1, and the Equity Execution Venues with the lowest quarterly market share will be ranked in Tier 4. Each quarter, each Equity ATS shall pay the following CAT Fee corresponding to the tier assigned by the CAT NMS, LLC for such Equity ATS for that quarter:

<u>Tier</u>	<u>Percentage of Equity Execution Venues</u>	<u>Quarterly CAT Fee</u>
<u>1</u>	<u>25.00%</u>	<u>\$81,048</u>
<u>2</u>	<u>42.00%</u>	<u>\$37,062</u>
<u>3</u>	<u>23.00%</u>	<u>\$21,126</u>
<u>4</u>	<u>10.00%</u>	<u>\$129</u>

### **C) Timing and Manner of Payments:**

(1) The CAT NMS, LLC will provide each Industry Member with one invoice each quarter for its CAT Fees as determined pursuant to paragraph (b) above, regardless of whether the Industry Member is a member of multiple self-regulatory organizations. Each Industry Member will pay its CAT Fees to the CAT NMS, LLC via the centralized system for the collection of CAT Fees established by the CAT NMS, LLC in the manner prescribed by the CAT NMS, LLC.

(2) Each Industry Member shall pay CAT Fees within thirty days after receipt of an invoice or other notice indicating payment is due (unless a longer payment period is otherwise indicated). If an Industry Member fails to pay any such fee when due, such Industry Member shall pay interest on the outstanding balance from such due date until such fee is paid at a per annum rate equal to the lesser of (i) the Prime Rate plus 300 basis points, or (ii) the maximum rate permitted by applicable law.

**D) Expiration.** These Consolidated Audit Trail Funding Fees will automatically expire two years after the operative date of the amendment of the CAT NMS Plan that adopts CAT fees for the Participants.