

OMB APPROVAL

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Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 34

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

File No.* SR - 2020 - * 043

Amendment No. (req. for Amendments *)

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"/>
Pilot <input type="checkbox"/> Extension of Time Period for Commission Action * <input type="checkbox"/> Date Expires * <input type="text"/>			Rule <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) *

☐

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 *).

The Exchange proposes to amend its fee schedule.

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 * Kyle Last Name * Murray
 Title * VP, Associate General Counsel
 E-mail * kmurray@cboe.com
 Telephone * (913) 815-7121 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 05/19/2020

By Kyle Murray

(Name *)

VP, Associate General 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.

kmurray@cboe.com

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFT 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 *

Add Remove View

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

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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

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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

Add Remove View

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

Add Remove View

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 Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² Cboe BZX Exchange, Inc. (the “Exchange,” “Cboe,” or “BZX”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to amend its fee schedule applicable to Members³ of the Exchange pursuant to BZX Rules 15.1(a) and (c). Changes to the fee schedule pursuant to this proposal are effective upon filing.

The text of the proposed rule change is attached as Exhibit 5. Material proposed to be added is underlined. Material proposed to be deleted is enclosed in brackets.

(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 April 30, 2020.

(b) Please refer questions and comments on the proposed rule change to Patrick Sexton, Executive Vice President, General Counsel, and Corporate Secretary, (312) 786-7467, or Kyle Murray, Vice President, Associate General Counsel, (913) 815-7121.

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

(a) Purpose

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ A Member is defined as “any registered broker or dealer that has been admitted to membership in the Exchange.” See Exchange Rule 1.5(n).

The Exchange proposes to amend its fee schedule applicable to its equities trading platform. Specifically, the Exchange proposes to amend the existing Tape B Volume and Quoting Tier, add a new Tape B Volume and Quoting Tier, make a cleanup change to the introductory language under the Tape B Volume and Quoting Tiers, and to add a new LMM Add Volume Tier, effective May 1, 2020.⁴

The Exchange first notes that its listing business operates in a highly-competitive market in which market participants, which includes issuers of securities, Lead Market Makers (“LMMs”), and other liquidity providers, can readily transfer their listings, opt not to participate, or direct order flow to competing venues if they deem fee levels, liquidity provision incentive programs, or any other factor at a particular venue to be insufficient or excessive. The proposed rule changes reflect a competitive pricing structure designed to incentivize market participants to enroll in LMP Securities⁵ and participate as LMMs in the Exchange’s LMM Program,⁶ which the Exchange believes will enhance market quality in all securities listed on the Exchange and encourage issuers

⁴ The Exchange initially filed the proposed fee changes on May 1, 2020 (SR-CboeBZX-2020-039). On May 12, 2020, the Exchange withdrew that filing and submitted a subsequent filing (SR-CboeBZX-2020-041). On May 19, 2020, the Exchange withdrew that filing and submitted this proposal.

⁵ "LMP Securities" means a list of securities included in the Liquidity Management Program, the universe of which will be determined by the Exchange and published in a circular distributed to Members and on the Exchange's website. Such LMP Securities will include all Cboe-listed ETPs and certain non-Cboe-listed ETPs for which the Exchange wants to incentivize Members to provide enhanced market quality. All Cboe-listed securities will be LMP Securities immediately upon listing on the Exchange. The Exchange will not remove a security from the list of LMP Securities without 30 days prior notice. See Cboe BZX U.S. Equities Exchange Fee Schedule.

⁶ See Securities Exchange Act Release No. 86213 (June 27, 2019), 84 FR 31951 (July 3, 2019) (the “Original LMM Filing”).

to list new products and transfer existing products to the Exchange.

Tape B Volume and Quoting Tiers

The Exchange currently offers one Tape B Volume and Quoting Tier under footnote 13, which provides an additional rebate of \$0.0001 per share for orders that add liquidity in Tape B securities where a Member is enrolled in at least 100 LMP Securities, at least 10 of which must be BZX-listed, for which it meets the following criteria for at least 50% of the trading days in the applicable month: (1) Member has an NBBO Time⁷ greater than or equal to 15% or NBBO Size Time⁸ is greater than or equal to 25%; and (2) Member has a Displayed Size Time⁹ greater than or equal to 90%. All Members are eligible to enroll in LMP Securities and are eligible for the current Tape B Volume and Quoting Tier. Such rebates are applicable to orders that add liquidity which are appended with fee code B. The Exchange proposes to make several changes to the Tape B Volume and Quoting Tier and to add a second tier.

First, the Exchange proposes to require that a Member is enrolled in and meets the requirements for at least 50 BZX-listed LMP Securities in order to receive the additional Tier 1 rebate. This marks a reduction in the total number of LMP Securities that a

⁷ "NBBO Time" means the average of the percentage of time during regular trading hours during which the Member maintains at least 100 shares at each of the NBB and NBO. See Cboe BZX U.S. Equities Exchange Fee Schedule.

⁸ "NBBO Size Time" means the percentage of time during regular trading hours during which there are size-setting quotes at the NBBO on the Exchange. See Cboe BZX U.S. Equities Exchange Fee Schedule.

⁹ "Displayed Size Time" means the percentage of time during regular trading hours during which the Member maintains at least 2,500 displayed shares on the bid and separately maintains at least 2,500 displayed shares on the offer that are priced no more than 2% away from the NBB and NBO, respectively. See Cboe BZX U.S. Equities Exchange Fee Schedule.

Member must be enrolled in and meet the requirements for (from 100 to 50) and an increase in the number of BZX-listed LMP Securities that a Member must be enrolled in and meet the requirements for (from 10 to 50).¹⁰ Second, the Exchange is proposing to additionally require that a Member adds a Tape B ADV¹¹ of greater than or equal to 0.15% of the TCV¹² in order to receive the additional Tier 1 rebate.

The Exchange is also proposing to add a Tier 2 rebate to the Tape B Volume and Quoting Tiers where a Member is enrolled in at least 100 BZX-listed LMP Securities for which it meets the following criteria for at least 50% of the trading days in the applicable month: (1) Member has an NBBO Time greater than or equal to 15% or an NBBO Size Time greater than or equal to 25%; and (2) Member has a Displayed Size Time greater than or equal to 90%; and (ii) Member adds a Tape B ADV greater than or equal to 0.30% of the TCV.

Finally, the Exchange is also proposing to make a cleanup change to eliminate the introductory language under footnote 13 that reads: "LMMs in BZX-listed securities will

¹⁰ The Exchange notes that all BZX-listed securities are by definition LMP Securities.

¹¹ "ADV" means average daily volume calculated as the number of shares added or removed, combined, per day. ADV is calculated on a monthly basis. The Exchange excludes from its calculation of ADV shares added or removed on any day that the Exchange's system experiences a disruption that lasts for more than 60 minutes during regular trading hours, on any day with a scheduled early market close and on the last Friday in June (the "Russell Reconstitution Day"). Routed shares are not included in ADAV or ADV calculation.

¹² "TCV" means total consolidated volume calculated as the volume reported by all exchanges and trade reporting facilities to a consolidated transaction reporting plan for the month for which the fees apply. The Exchange excludes from its calculation of TCV volume on any day that the Exchange experiences an Exchange System Disruption, on any day with a scheduled early market close and the Russell Reconstitution Day.

receive the following additional rebate when adding displayed liquidity in all Tape B securities, except that such additional rebates will not be applied to the rebates set forth in footnote 14 part A.” The Exchange is proposing to delete this language because it does not apply to the current LMM Liquidity Provision Rates. Specifically, prior to the Exchange implementing the new LMM Liquidity Provision Rates as part of the Original LMM Filing, the Exchange offered enhanced rebates to LMMs for added liquidity on a per transaction basis in their LMM Securities. The introductory language was intended to make clear that LMMs were not eligible for the Tape B Volume Tier in addition to the enhanced LMM rebates.¹³ Since the implementation of the Original LMM Filing, LMMs receive a daily payment for meeting certain Minimum Performance Standards instead of an enhanced rebate (as further described below) and, as such, the language is no longer applicable.

LMM Add Volume Tier

Under the LMM Program, the Exchange offers daily incentives for LMMs securities listed on the Exchange for which the LMM meets certain Minimum Performance Standards.¹⁴ Such daily incentives are determined based on the number of Cboe-listed securities for which the LMM meets such Minimum Performance Standards

¹³ See Securities Exchange Act Release No. 79064 (October 6, 2016), 81 FR 70718 (October 13, 2016).

¹⁴ As defined in Rule 11.8(e)(1)(E), the term “Minimum Performance Standards” means a set of standards applicable to an LMM that may be determined from time to time by the Exchange. Such standards will vary between LMM Securities depending on the price, liquidity, and volatility of the LMM Security in which the LMM is registered. The performance measurements will include: (A) percent of time at the NBBO; (B) percent of executions better than the NBBO; (C) average displayed size; and (D) average quoted spread. For additional detail, see Original LMM Filing.

and the average auction volume across such securities. Generally speaking, the more LMM Securities¹⁵ for which the LMM meets the Minimum Performance Standards and the higher the auction volume across those securities, the greater the total daily payment to the LMM.

In order to further incentivize Members to enroll and participate in the LMM Program, the Exchange is also proposing to add a new LMM Add Volume Tier. Under this proposed new tier, LMMs in BZX-listed securities will receive an additional \$0.0001 rebate per share for adding displayed liquidity where the LMM: (1) adds an ADV greater than or equal to 0.20% of the TCv; (2) has an average aggregate daily auction volume in LMM Securities greater than or equal to 500,000; and (3) is enrolled in at least 75 LMM Securities.

(b) Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.¹⁶ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹⁷ requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with

¹⁵ As defined in Rule 11.8(e)(1)(D), the term “LMM Security” means a Listed Security that has an LMM. As defined in Rule 11.8(e)(1)(B), the term “Listed Security” means any ETP or any Primary Equity Security or Closed-End Fund listed on the Exchange pursuant to Rule 14.8 or 14.9.

¹⁶ 15 U.S.C. 78f(b).

¹⁷ 15 U.S.C. 78f(b)(5).

persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹⁸ as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities. The Exchange also notes that its listing business operates in a highly-competitive market in which market participants, which includes issuers of securities, LMMs, and other liquidity providers, can readily transfer their listings, opt not to participate, or direct order flow to competing venues if they deem fee levels, liquidity provision incentive programs, or any other factor at a particular venue to be insufficient or excessive. The proposed rule changes reflect a competitive pricing structure designed to incentivize market participants to enroll in LMP Securities and participate as LMMs in the Exchange's LMM Program, which the Exchange believes will enhance market quality in all securities listed on the Exchange and encourage issuers to list new products and transfer existing products to the Exchange.

Tape B Volume and Quoting Tiers

The Exchange believes that the proposed changes to the Tape B Volume and Quoting Tiers are consistent with the Act and represent a reasonable, equitable, and not unfairly discriminatory means to incentivize liquidity provision in ETPs listed on the Exchange. The marketplace for listings is extremely competitive and there are several

¹⁸Id.

other national securities exchanges that offer ETP listings. Transfers between listing venues occur frequently¹⁹ for numerous reasons, including market quality. This proposal is intended to help the Exchange compete as an ETP listing venue. Specifically, the Exchange believes that the proposal is reasonable because it believes that increasing the number of BZX-listed LMP Securities from 10 to 50 will ensure that Members are meeting the NBBO Time or NBBO Size Time and the Displayed Size Time requirements in BZX-listed securities rather than in other LMP Securities will incentivize enhanced market quality in BZX-listed ETPs. Further, adding the requirement that a Member adds a Tape B ADV greater than or equal to 0.15% of the TCV will incentivize Members to transact in Tape B securities, which includes all BZX-listed securities, on the Exchange. Adding Tier 2 with an increased additional rebate for Members that are enrolled in at least 100 BZX-listed LMP Securities and add a Tape B ADV greater than or equal to 0.30% of the TCV (while applying the same NBBO Time or NBBO Size Time and Displayed Size Time requirements as Tier 1) will provide further incentive for Members to enroll in additional BZX-listed LMP Securities and transact in Tape B Securities. The combination of the two requirements in both Tier 1 and Tier 2 will encourage both quoting and executions on the Exchange in BZX-listed securities, which the Exchange believes is both reasonable and equitable because it will enhance market quality in all securities listed on the Exchange and encourage issuers to list new products and transfer existing products to the Exchange. Further, the Exchange believes that any negative impact to non-BZX-listed LMP Securities is not unreasonable and will be outweighed by

¹⁹ For example, 16 ETPs transferred their listings to the Exchange on May 13, 2019. See <http://ir.cboe.com/~media/Files/C/CBOE-IR-V2/press-release/2019/cboe-welcomes-16-barclays-etns.pdf>.

the positive impact to the Exchange's listing program for several reasons. As noted throughout, the listing business operates in a highly-competitive market in which competing listing venues offer liquidity provision incentive programs for their own securities,²⁰ similar to the LMM Program and the Tape B Quoting Tiers. To the extent that the market quality in the security is negatively impacted, competitive forces would generally dictate that the primary listing venue enhance their own liquidity provision programs or that the security would transfer to a different primary listing venue.

The Exchange believes that the proposal represents an equitable allocation of fees and other charges because the Tape B Volume and Quoting Tiers are available equally to all Members and all Members are eligible to enroll in LMP Securities. The Exchange anticipates at least three and as many as eight firms will meet the Tape B Volume and Quoting Tiers 1 and 2. Further, the Exchange believes that the proposal represents an equitable allocation of fees and other charges and is not unreasonably discriminatory because enrolling in LMP Securities is open to all Members and any Member that wishes to receive the Tape B Volume and Quoting Tiers must meet the proposed quoting and execution standards in order to receive the enhanced rebates, as outlined above. Where a Member does not meet the requirements, they will not receive the enhanced rebates. Further and as noted throughout, the Tape B Volume and Quoting Tiers are designed to enhance market quality in BZX-listed securities and to make the Exchange more competitive as an ETP listing venue.

²⁰ See NYSE Arca, Inc. Rule 6.82-O related to Lead Market Makers and Nasdaq Stock Market LLC Section 114 related to the Designated Liquidity Provider Program.

Finally, the Exchange believes that the proposal to eliminate the introductory language under the Tape B Volume Tiers is reasonable, equitable, and non-discriminatory in that it is designed to make the fee schedule clearer because it is eliminating old language that is no longer applicable.

LMM Add Volume Tier

The Exchange believes that the proposed addition of the LMM Add Volume Tier is consistent with the act and represents a reasonable, equitable, and not unfairly discriminatory means to incentivize liquidity provision in BZX-listed securities. Specifically, the Exchange believes that the proposal is reasonable, equitable, and not unfairly discriminatory to offer the LMM Add Volume Tier to LMMs and not other Members because it will enhance market quality in Cboe-listed securities by incentivizing LMMs to take on additional securities listed on the Exchange (by requiring both a minimum Average Aggregate Daily Auction Volume in LMM Securities of greater than or equal to 500,000 and enrollment in at least 75 LMM Securities) and encouraging liquidity provision on the Exchange (by requiring that a Member adds an ADV of greater than or equal to 0.20% of TCV). While the proposed enhanced rebate applies only to LMMs, the Exchange believes that the proposal is equitable and not unreasonably discriminatory because registration as an LMM is available equally to all Members and allocation of listed securities between LMMs is governed by Exchange Rule 11.8(e)(2). Further, such LMMs must meet rigorous Minimum Performance Standards²¹ and, where an LMM does not meet the Minimum Performance Standards for

²¹ As defined in Rule 11.8(e)(1)(D), the term “Minimum Performance Standards” means a set of standards applicable to an LMM that may be determined from time

three out of the past four months, the LMM is subject to forfeiture of LMM status for that LMM Security, at the Exchange's discretion. While the Exchange has no way of knowing whether this proposed rule change would definitively result in any particular LMM qualifying for the proposed tier, the Exchange anticipates at least one LMM meeting, or being reasonably able to meet, the proposed criteria; however, the proposed tier is open to any LMM that satisfies the tier's criteria. The Exchange believes that the proposed tier could provide an incentive for other Members to enroll as an LMM, to take on additional LMM Securities, and to add additional liquidity on the Exchange to qualify for the proposed tier.

The Exchange believes that it is fair and reasonable to offer enhanced rebates to LMMs that meet the proposed tier because of the significant commitment to the Exchange's LMM Program and liquidity provision on the Exchange made by such LMM in order to meet the tier. The Exchange intends to implement the enhanced rebate as a means to incentivize Members to both enroll and participate in the LMM Program and then to further take on additional LMM Securities and believes that this new tier combined with the existing structure of the LMM Program will have such an effect. As such, the Exchange believes that the proposal represents an equitable allocation of payments.

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

to time by the Exchange. Such standards will vary between LMM Securities depending on the price, liquidity, and volatility of the LMM Security in which the LMM is registered. The performance measurements will include: (A) percent of time at the NBBO; (B) percent of executions better than the NBBO; (C) average displayed size; and (D) average quoted spread. For additional detail, see Original LMM Filing.

The Exchange does not believe that the proposed rule changes will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe the proposed change burdens competition, but rather, enhances competition as it is intended to increase the competitiveness of BZX both among Members by incentivizing Members to enroll in LMP Securities and to become LMMs in BZX-listed securities and as a listing venue by enhancing market quality in BZX-listed securities. The marketplace for listings is extremely competitive and there are several other national securities exchanges that offer listings. Transfers between listing venues occur frequently²² for numerous reasons, including market quality. This proposal is intended to help the Exchange compete as a listing venue. Accordingly, the Exchange does not believe that the proposed change will impair the ability of issuers, LMMs, other Members, or competing listing venues to maintain their competitive standing. The Exchange also notes that the proposed change is intended to enhance market quality in BZX-listed securities and other listed securities, to the benefit of all investors in such BZX-listed securities. The Exchange does not believe the proposed amendment would burden intramarket competition as it would be available to all Members uniformly. Registration as an LMM is available equally to all Members and allocation of listed securities between LMMs is governed by Exchange Rule 11.8(e)(2). Further, if an LMM does not meet the Minimum Performance Standards for three out of the past four months, the LMM is subject to forfeiture of LMM status for that LMM Security, at the Exchange's discretion.

²² For example, 16 ETPs transferred their listings to the Exchange on May 13, 2019. See <http://ir.cboe.com/~media/Files/C/CBOE-IR-V2/press-release/2019/cboe-welcomes-16-barclays-etns.pdf>.

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 Act²³ and Rule 19b-4(f)(2) thereunder,²⁴ 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

The proposed rule change is not based on the rules of another self-regulatory organization or of the Commission.

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

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and

²³ 15 U.S.C. 78s(b)(3)(A)(ii).

²⁴ 17 CFR 240.19b-4(f)(2).

Settlement Supervision Act

Not applicable.

11. Exhibits

Exhibit 1 – Form of Notice of Proposed Rule Change for Publication in the Federal Register.

Exhibit 5 – Text of the Proposed Rule Change.

EXHIBIT 1**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34- ; File No. SR-CboeBZX-2020-043]

[Insert date]

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Amend its Fee Schedule

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² 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. (the “Exchange,” “Cboe,” or “BZX”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to amend its fee schedule. The text of the proposed rule change is provided in Exhibit 5.

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

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

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

1. Purpose

The Exchange proposes to amend its fee schedule applicable to its equities trading platform. Specifically, the Exchange proposes to amend the existing Tape B Volume and Quoting Tier, add a new Tape B Volume and Quoting Tier, make a cleanup change to the introductory language under the Tape B Volume and Quoting Tiers, and to add a new LMM Add Volume Tier, effective May 1, 2020.³

The Exchange first notes that its listing business operates in a highly-competitive market in which market participants, which includes issuers of securities, Lead Market Makers ("LMMs"), and other liquidity providers, can readily transfer their listings, opt not to participate, or direct order flow to competing venues if they deem fee levels, liquidity provision incentive programs, or any other factor at a particular venue to be insufficient or excessive. The proposed rule changes reflect a competitive pricing

³ The Exchange initially filed the proposed fee changes on May 1, 2020 (SR-CboeBZX-2020-039). On May 12, 2020, the Exchange withdrew that filing and submitted a subsequent filing (SR-CboeBZX-2020-041). On May 19, 2020, the Exchange withdrew that filing and submitted this proposal.

structure designed to incentivize market participants to enroll in LMP Securities⁴ and participate as LMMs in the Exchange's LMM Program,⁵ which the Exchange believes will enhance market quality in all securities listed on the Exchange and encourage issuers to list new products and transfer existing products to the Exchange.

Tape B Volume and Quoting Tiers

The Exchange currently offers one Tape B Volume and Quoting Tier under footnote 13, which provides an additional rebate of \$0.0001 per share for orders that add liquidity in Tape B securities where a Member is enrolled in at least 100 LMP Securities, at least 10 of which must be BZX-listed, for which it meets the following criteria for at least 50% of the trading days in the applicable month: (1) Member has an NBBO Time⁶ greater than or equal to 15% or NBBO Size Time⁷ is greater than or equal to 25%; and (2) Member has a Displayed Size Time⁸ greater than or equal to 90%. All Members are

⁴ "LMP Securities" means a list of securities included in the Liquidity Management Program, the universe of which will be determined by the Exchange and published in a circular distributed to Members and on the Exchange's website. Such LMP Securities will include all Cboe-listed ETPs and certain non-Cboe-listed ETPs for which the Exchange wants to incentivize Members to provide enhanced market quality. All Cboe-listed securities will be LMP Securities immediately upon listing on the Exchange. The Exchange will not remove a security from the list of LMP Securities without 30 days prior notice. See Cboe BZX U.S. Equities Exchange Fee Schedule.

⁵ See Securities Exchange Act Release No. 86213 (June 27, 2019), 84 FR 31951 (July 3, 2019) (the "Original LMM Filing").

⁶ "NBBO Time" means the average of the percentage of time during regular trading hours during which the Member maintains at least 100 shares at each of the NBB and NBO. See Cboe BZX U.S. Equities Exchange Fee Schedule.

⁷ "NBBO Size Time" means the percentage of time during regular trading hours during which there are size-setting quotes at the NBBO on the Exchange. See Cboe BZX U.S. Equities Exchange Fee Schedule.

⁸ "Displayed Size Time" means the percentage of time during regular trading hours during which the Member maintains at least 2,500 displayed shares on the bid and separately maintains at least 2,500 displayed shares on the offer that are priced no

eligible to enroll in LMP Securities and are eligible for the current Tape B Volume and Quoting Tier. Such rebates are applicable to orders that add liquidity which are appended with fee code B. The Exchange proposes to make several changes to the Tape B Volume and Quoting Tier and to add a second tier.

First, the Exchange proposes to require that a Member is enrolled in and meets the requirements for at least 50 BZX-listed LMP Securities in order to receive the additional Tier 1 rebate. This marks a reduction in the total number of LMP Securities that a Member must be enrolled in and meet the requirements for (from 100 to 50) and an increase in the number of BZX-listed LMP Securities that a Member must be enrolled in and meet the requirements for (from 10 to 50).⁹ Second, the Exchange is proposing to additionally require that a Member adds a Tape B ADV¹⁰ of greater than or equal to 0.15% of the TCV¹¹ in order to receive the additional Tier 1 rebate.

The Exchange is also proposing to add a Tier 2 rebate to the Tape B Volume and Quoting Tiers where a Member is enrolled in at least 100 BZX-listed LMP Securities for

more than 2% away from the NBB and NBO, respectively. See Cboe BZX U.S. Equities Exchange Fee Schedule.

⁹ The Exchange notes that all BZX-listed securities are by definition LMP Securities.

¹⁰ “ADV” means average daily volume calculated as the number of shares added or removed, combined, per day. ADV is calculated on a monthly basis. The Exchange excludes from its calculation of ADV shares added or removed on any day that the Exchange's system experiences a disruption that lasts for more than 60 minutes during regular trading hours, on any day with a scheduled early market close and on the last Friday in June (the "Russell Reconstitution Day"). Routed shares are not included in ADAV or ADV calculation.

¹¹ "TCV" means total consolidated volume calculated as the volume reported by all exchanges and trade reporting facilities to a consolidated transaction reporting plan for the month for which the fees apply. The Exchange excludes from its calculation of TCV volume on any day that the Exchange experiences an Exchange System Disruption, on any day with a scheduled early market close and the Russell Reconstitution Day.

which it meets the following criteria for at least 50% of the trading days in the applicable month: (1) Member has an NBBO Time greater than or equal to 15% or an NBBO Size Time greater than or equal to 25%; and (2) Member has a Displayed Size Time greater than or equal to 90%; and (ii) Member adds a Tape B ADV greater than or equal to 0.30% of the TCV.

Finally, the Exchange is also proposing to make a cleanup change to eliminate the introductory language under footnote 13 that reads: “LMMs in BZX-listed securities will receive the following additional rebate when adding displayed liquidity in all Tape B securities, except that such additional rebates will not be applied to the rebates set forth in footnote 14 part A.” The Exchange is proposing to delete this language because it does not apply to the current LMM Liquidity Provision Rates. Specifically, prior to the Exchange implementing the new LMM Liquidity Provision Rates as part of the Original LMM Filing, the Exchange offered enhanced rebates to LMMs for added liquidity on a per transaction basis in their LMM Securities. The introductory language was intended to make clear that LMMs were not eligible for the Tape B Volume Tier in addition to the enhanced LMM rebates.¹² Since the implementation of the Original LMM Filing, LMMs receive a daily payment for meeting certain Minimum Performance Standards instead of an enhanced rebate (as further described below) and, as such, the language is no longer applicable.

LMM Add Volume Tier

Under the LMM Program, the Exchange offers daily incentives for LMMs securities listed on the Exchange for which the LMM meets certain Minimum

¹² See Securities Exchange Act Release No. 79064 (October 6, 2016), 81 FR 70718 (October 13, 2016).

Performance Standards.¹³ Such daily incentives are determined based on the number of Cboe-listed securities for which the LMM meets such Minimum Performance Standards and the average auction volume across such securities. Generally speaking, the more LMM Securities¹⁴ for which the LMM meets the Minimum Performance Standards and the higher the auction volume across those securities, the greater the total daily payment to the LMM.

In order to further incentivize Members to enroll and participate in the LMM Program, the Exchange is also proposing to add a new LMM Add Volume Tier. Under this proposed new tier, LMMs in BZX-listed securities will receive an additional \$0.0001 rebate per share for adding displayed liquidity where the LMM: (1) adds an ADV greater than or equal to 0.20% of the TCV; (2) has an average aggregate daily auction volume in LMM Securities greater than or equal to 500,000; and (3) is enrolled in at least 75 LMM Securities.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the

¹³ As defined in Rule 11.8(e)(1)(E), the term “Minimum Performance Standards” means a set of standards applicable to an LMM that may be determined from time to time by the Exchange. Such standards will vary between LMM Securities depending on the price, liquidity, and volatility of the LMM Security in which the LMM is registered. The performance measurements will include: (A) percent of time at the NBBO; (B) percent of executions better than the NBBO; (C) average displayed size; and (D) average quoted spread. For additional detail, see Original LMM Filing.

¹⁴ As defined in Rule 11.8(e)(1)(D), the term “LMM Security” means a Listed Security that has an LMM. As defined in Rule 11.8(e)(1)(B), the term “Listed Security” means any ETP or any Primary Equity Security or Closed-End Fund listed on the Exchange pursuant to Rule 14.8 or 14.9.

requirements of Section 6(b) of the Act.¹⁵ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹⁶ requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹⁷ as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities. The Exchange also notes that its listing business operates in a highly-competitive market in which market participants, which includes issuers of securities, LMMs, and other liquidity providers, can readily transfer their listings, opt not to participate, or direct order flow to competing venues if they deem fee levels, liquidity provision incentive programs, or any other factor at a particular venue to be insufficient or excessive. The proposed rule changes reflect a competitive pricing structure designed to incentivize market participants to enroll in LMP Securities and participate as LMMs in the Exchange's LMM Program, which the Exchange believes will enhance market quality in all securities listed on the Exchange and encourage issuers to list new products and transfer existing products to the Exchange.

Tape B Volume and Quoting Tiers

¹⁵ 15 U.S.C. 78f(b).

¹⁶ 15 U.S.C. 78f(b)(5).

¹⁷ Id.

The Exchange believes that the proposed changes to the Tape B Volume and Quoting Tiers are consistent with the Act and represent a reasonable, equitable, and not unfairly discriminatory means to incentivize liquidity provision in ETPs listed on the Exchange. The marketplace for listings is extremely competitive and there are several other national securities exchanges that offer ETP listings. Transfers between listing venues occur frequently¹⁸ for numerous reasons, including market quality. This proposal is intended to help the Exchange compete as an ETP listing venue. Specifically, the Exchange believes that the proposal is reasonable because it believes that increasing the number of BZX-listed LMP Securities from 10 to 50 will ensure that Members are meeting the NBBO Time or NBBO Size Time and the Displayed Size Time requirements in BZX-listed securities rather than in other LMP Securities will incentivize enhanced market quality in BZX-listed ETPs. Further, adding the requirement that a Member adds a Tape B ADV greater than or equal to 0.15% of the TCV will incentivize Members to transact in Tape B securities, which includes all BZX-listed securities, on the Exchange. Adding Tier 2 with an increased additional rebate for Members that are enrolled in at least 100 BZX-listed LMP Securities and add a Tape B ADV greater than or equal to 0.30% of the TCV (while applying the same NBBO Time or NBBO Size Time and Displayed Size Time requirements as Tier 1) will provide further incentive for Members to enroll in additional BZX-listed LMP Securities and transact in Tape B Securities. The combination of the two requirements in both Tier 1 and Tier 2 will encourage both quoting and executions on the Exchange in BZX-listed securities, which the Exchange

¹⁸ For example, 16 ETPs transferred their listings to the Exchange on May 13, 2019. See <http://ir.cboe.com/~media/Files/C/CBOE-IR-V2/press-release/2019/cboe-welcomes-16-barclays-etns.pdf>.

believes is both reasonable and equitable because it will enhance market quality in all securities listed on the Exchange and encourage issuers to list new products and transfer existing products to the Exchange. Further, the Exchange believes that any negative impact to non-BZX-listed LMP Securities is not unreasonable and will be outweighed by the positive impact to the Exchange's listing program for several reasons. As noted throughout, the listing business operates in a highly-competitive market in which competing listing venues offer liquidity provision incentive programs for their own securities,¹⁹ similar to the LMM Program and the Tape B Quoting Tiers. To the extent that the market quality in the security is negatively impacted, competitive forces would generally dictate that the primary listing venue enhance their own liquidity provision programs or that the security would transfer to a different primary listing venue.

The Exchange believes that the proposal represents an equitable allocation of fees and other charges because the Tape B Volume and Quoting Tiers are available equally to all Members and all Members are eligible to enroll in LMP Securities. The Exchange anticipates at least three and as many as eight firms will meet the Tape B Volume and Quoting Tiers 1 and 2. Further, the Exchange believes that the proposal represents an equitable allocation of fees and other charges and is not unreasonably discriminatory because enrolling in LMP Securities is open to all Members and any Member that wishes to receive the Tape B Volume and Quoting Tiers must meet the proposed quoting and execution standards in order to receive the enhanced rebates, as outlined above. Where a Member does not meet the requirements, they will not receive the enhanced rebates.

¹⁹ See NYSE Arca, Inc. Rule 6.82-O related to Lead Market Makers and Nasdaq Stock Market LLC Section 114 related to the Designated Liquidity Provider Program.

Further and as noted throughout, the Tape B Volume and Quoting Tiers are designed to enhance market quality in BZX-listed securities and to make the Exchange more competitive as an ETP listing venue.

Finally, the Exchange believes that the proposal to eliminate the introductory language under the Tape B Volume Tiers is reasonable, equitable, and non-discriminatory in that it is designed to make the fee schedule clearer because it is eliminating old language that is no longer applicable.

LMM Add Volume Tier

The Exchange believes that the proposed addition of the LMM Add Volume Tier is consistent with the act and represents a reasonable, equitable, and not unfairly discriminatory means to incentivize liquidity provision in BZX-listed securities. Specifically, the Exchange believes that the proposal is reasonable, equitable, and not unfairly discriminatory to offer the LMM Add Volume Tier to LMMs and not other Members because it will enhance market quality in Cboe-listed securities by incentivizing LMMs to take on additional securities listed on the Exchange (by requiring both a minimum Average Aggregate Daily Auction Volume in LMM Securities of greater than or equal to 500,000 and enrollment in at least 75 LMM Securities) and encouraging liquidity provision on the Exchange (by requiring that a Member adds an ADV of greater than or equal to 0.20% of TCV). While the proposed enhanced rebate applies only to LMMs, the Exchange believes that the proposal is equitable and not unreasonably discriminatory because registration as an LMM is available equally to all Members and allocation of listed securities between LMMs is governed by Exchange Rule 11.8(e)(2). Further, such LMMs must meet rigorous Minimum Performance

Standards²⁰ and, where an LMM does not meet the Minimum Performance Standards for three out of the past four months, the LMM is subject to forfeiture of LMM status for that LMM Security, at the Exchange's discretion. While the Exchange has no way of knowing whether this proposed rule change would definitively result in any particular LMM qualifying for the proposed tier, the Exchange anticipates at least one LMM meeting, or being reasonably able to meet, the proposed criteria; however, the proposed tier is open to any LMM that satisfies the tier's criteria. The Exchange believes that the proposed tier could provide an incentive for other Members to enroll as an LMM, to take on additional LMM Securities, and to add additional liquidity on the Exchange to qualify for the proposed tier.

The Exchange believes that it is fair and reasonable to offer enhanced rebates to LMMs that meet the proposed tier because of the significant commitment to the Exchange's LMM Program and liquidity provision on the Exchange made by such LMM in order to meet the tier. The Exchange intends to implement the enhanced rebate as a means to incentivize Members to both enroll and participate in the LMM Program and then to further take on additional LMM Securities and believes that this new tier combined with the existing structure of the LMM Program will have such an effect. As such, the Exchange believes that the proposal represents an equitable allocation of payments.

²⁰ As defined in Rule 11.8(e)(1)(D), the term "Minimum Performance Standards" means a set of standards applicable to an LMM that may be determined from time to time by the Exchange. Such standards will vary between LMM Securities depending on the price, liquidity, and volatility of the LMM Security in which the LMM is registered. The performance measurements will include: (A) percent of time at the NBBO; (B) percent of executions better than the NBBO; (C) average displayed size; and (D) average quoted spread. For additional detail, see Original LMM Filing.

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

The Exchange does not believe that the proposed rule changes will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe the proposed change burdens competition, but rather, enhances competition as it is intended to increase the competitiveness of BZX both among Members by incentivizing Members to enroll in LMP Securities and to become LMMs in BZX-listed securities and as a listing venue by enhancing market quality in BZX-listed securities. The marketplace for listings is extremely competitive and there are several other national securities exchanges that offer listings. Transfers between listing venues occur frequently²¹ for numerous reasons, including market quality. This proposal is intended to help the Exchange compete as a listing venue. Accordingly, the Exchange does not believe that the proposed change will impair the ability of issuers, LMMs, other Members, or competing listing venues to maintain their competitive standing. The Exchange also notes that the proposed change is intended to enhance market quality in BZX-listed securities and other listed securities, to the benefit of all investors in such BZX-listed securities. The Exchange does not believe the proposed amendment would burden intramarket competition as it would be available to all Members uniformly. Registration as an LMM is available equally to all Members and allocation of listed securities between LMMs is governed by Exchange Rule 11.8(e)(2). Further, if an LMM does not meet the Minimum Performance Standards for three out of

²¹ For example, 16 ETPs transferred their listings to the Exchange on May 13, 2019. See <http://ir.cboe.com/~media/Files/C/CBOE-IR-V2/press-release/2019/cboe-welcomes-16-barclays-etns.pdf>.

the past four months, the LMM is subject to forfeiture of LMM status for that LMM Security, at the Exchange's discretion.

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 Act²² and paragraph (f) of Rule 19b-4²³ 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:

Electronic comments:

- Use the Commission's Internet comment form

(<http://www.sec.gov/rules/sro.shtml>); or

²² 15 U.S.C. 78s(b)(3)(A).

²³ 17 CFR 240.19b-4(f).

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-CboeBZX-2020-043 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-2020-043. 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-20043 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.²⁴

Secretary

²⁴ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

Proposed new language is underlined. Proposed deletions are in [brackets].

Cboe BZX U.S. Equities Exchange Fee Schedule

Effective [May 12] May 19, 2020

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Footnotes:

1. – 12. (No change).

13. Tape B Volume and Quoting Tiers

Applicable to the following fee code: B.

[LMMs in BZX-listed securities will receive the following additional rebate when adding displayed liquidity in all Tape B securities, except that such additional rebates will not be applied to the rebates set forth in footnote 14 part A:]

Tier	Additional Rebate Per Share to Add	Required Criteria
Tier <u>1</u>	(\$0.0001)	<p><u>(i) Member is enrolled in at least [100]50 BZX-listed LMP Securities[, at least 10 of which must be BZX-listed,] for which it meets the following criteria for at least 50% of the trading days in the applicable month:</u></p> <p>(1) Member has a NBBO Time \geq 15% or a NBBO Size Time \geq 25%; and</p> <p>(2) Member has a Displayed Size Time \geq 90%; <u>and</u></p> <p><u>(ii) Member adds a Tape B ADV \geq 0.15% of the TCV</u></p>
<u>Tier 2</u>	<u>(\$0.0002)</u>	<p><u>(i) Member is enrolled in at least 100 BZX-listed LMP Securities for which it meets the following criteria for at least 50% of the trading days in the applicable month:</u></p> <p><u>(1) Member has a NBBO Time \geq 15% or a NBBO Size Time \geq 25%; and</u></p> <p><u>(2) Member has a Displayed Size Time \geq 90%; and</u></p> <p><u>(ii) Member adds a Tape B ADV \geq 0.30% of the TCV</u></p>

14. Lead Market Maker (“LMM”) Pricing**(A) LMM Liquidity Provision Rates:**

- (i) Standard Rates. LMMs in BZX-listed securities will receive the following rates on a daily basis per security for which the LMM is a Qualified LMM (a “Qualified Securities”) based on the average aggregate daily auction volume of the BZX-listed securities for which the Member is the LMM (“LMM Securities”):

	Average Aggregate Daily Auction Volume in LMM Securities					
	0-10,000	10,001-100,000	100,001-500,000	500,001-1,000,000	1,000,001-3,000,000	3,000,001 or greater
Daily Incentive for each Qualified Security 1-5	\$10	\$25	\$40	\$50	\$150	\$200
Daily Incentive for each Qualified Security 6-25	\$10	\$25	\$25	\$30	\$100	\$150
Daily Incentive for each Qualified Security 26-50	\$10	\$10	\$20	\$25	\$75	\$100
Daily Incentive for each Qualified Security 51-100	\$10	\$10	\$15	\$20	\$50	\$75
Daily Incentive for each Qualified Security Greater Than 100	\$10	\$10	\$15	\$15	\$25	\$50

- (ii) Enhanced Rates. LMMs in BZX-listed securities will receive the following rates on a daily basis per Qualified Security for which they also meet certain enhanced market quality standards (an “Enhanced Security”) in addition to the Standard Rates above:

	Average Aggregate Daily Auction Volume in LMM Securities					
	0-10,000	10,001-100,000	100,001-500,000	500,001-1,000,000	1,000,001-3,000,000	3,000,001 or greater
Daily Incentive for each Enhanced Security 1-5	\$2.50	\$6.25	\$10	\$12.50	\$37.50	\$50
Daily Incentive for each Enhanced Security 6-25	\$2.50	\$6.25	\$6.25	\$7.50	\$25	\$37.50

Daily Incentive for each Enhanced Security 26-50	\$2.50	\$2.50	\$5	\$6.25	\$18.75	\$25
Daily Incentive for each Enhanced Security 51-100	\$2.50	\$2.50	\$3.75	\$5	\$12.50	\$18.75
Daily Incentive for each Enhanced Security Greater Than 100	\$2.50	\$2.50	\$3.75	\$3.75	\$6.25	\$12.50

(B) LMM Closing Auction Rates:

Applicable to the following fee codes: AC and AL.

LMMs in BZX-listed securities will transact for free in the Closing Auction in their LMM Securities.

(C) LMM Add Volume Tier:

Applicable to the following fee codes: B, V, and Y.

LMMs in BZX-listed securities will receive the following additional rebate when adding displayed liquidity:

<u>Tier</u>	<u>Additional Rebate Per Share to Add</u>	<u>Required Criteria</u>
<u>LMM Add Volume Tier</u>	<u>(\$0.0001)</u>	<p>(1) <u>Member adds an ADV \geq 0.20% of the TCV;</u></p> <p>(2) <u>Member has an Average Aggregate Daily Auction Volume in LMM Securities \geq 500,000; and</u></p> <p>(3) <u>Member is enrolled in at least 75 LMM Securities</u></p>

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