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Required fields are shown with yellow backgrounds and asterisks.

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

File No.* SR - 2021 - * 003
Amendment No. (req. for Amendments *)

Filing by Cboe EDGA 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) *
☑	☐	☐	☐	☑	☐

Pilot	Extension of Time Period for Commission Action *	Date Expires *
☐	☐	

Rule

☐ 19b-4(f)(1)	☐ 19b-4(f)(4)
☑ 19b-4(f)(2)	☐ 19b-4(f)(5)
☐ 19b-4(f)(3)	☐ 19b-4(f)(6)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Section 806(e)(1) *	Section 806(e)(2) *
☐	☐

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934

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 the 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 * 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.

Date 01/13/2021
By Laura G. DIckman
(Name *)

(Title *)
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.

ldickman@cboe.com

Required fields are shown with yellow backgrounds and asterisks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information * Add Remove View	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 * 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, 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 Add Remove View 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 Add Remove View 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 Add Remove View	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.

Item 1. <u>Text of the Proposed Rule Change</u>

(a) Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),[1] and Rule 19b-4 thereunder,[2] Cboe EDGA Exchange, Inc. (the "Exchange" or "EDGA") is filing with the Securities and Exchange Commission ("Commission") a proposed rule change to amend the fee schedule applicable to Members and non-Members of the Exchange pursuant to EDGA 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 provided in Exhibit 5.

(b) Not applicable.

(c) Not applicable.

Item 2. <u>Procedures of the Self-Regulatory Organization</u>

(a) The Exchange's President (or designee) pursuant to delegated authority approved the proposed rule change on December 30, 2020.

(b) Please refer questions and comments on the proposed rule change to Pat Sexton, Executive Vice President, General Counsel, and Corporate Secretary, (312) 786-7467, or Rebecca Tenuta, Counsel, (312) 786-7068, Cboe EDGA Exchange, Inc., 400 South LaSalle, Chicago, Illinois 60605.

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

2 17 CFR 240.19b-4.

Item 3. <u>Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change</u>

(a) Purpose

The Exchange proposes to amend its fee schedule by 1) eliminating certain routing fee codes and 2) amending an Add/Remove Volume Tier.[3]

The Exchange first notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or incentives to be insufficient. More specifically, the Exchange is only one of 16 registered equities exchanges, as well as a number of alternative trading systems and other off-exchange venues that do not have similar self-regulatory responsibilities under the Exchange Act, to which market participants may direct their order flow. Based on publicly available information,[4] no single registered equities exchange has more than 16% of the market share. Thus, in such a low-concentrated and highly competitive market, no single equities exchange possesses significant pricing power in the execution of order flow. The Exchange believes that the ever-shifting market share among the exchanges from month to month demonstrates that market participants can shift order flow or discontinue to reduce use of certain categories of products, in response to fee changes. Accordingly, competitive forces constrain the

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3 The Exchange initially filed the proposed fee changes January 4, 2021 (SR-CboeEDGA-2021-001). On January 13, 2021, the Exchange withdrew that filing and submitted this proposal.

4 See Cboe Global Markets, U.S. Equities Market Volume Summary, Month-to-Date (December 29, 2020), available at https://markets.cboe.com/us/equities/market_statistics/.

Exchange's transaction fees, and market participants can readily trade on competing venues if they deem pricing levels at those other venues to be more favorable.

Proposal to Remove Certain Routing Fee Codes

The Exchange assesses fees in connection with orders routed away to various exchanges. As a result of minimal use in the last months, the Exchange proposes to eliminate the following routing fee codes currently under the Fee Codes and Associated Fees section of the Fee Schedule:

- Fee code 8, which is appended to Members' orders routed to NYSE American that adds liquidity and assesses a charge of $0.00020 per contract for orders in securities priced at or above $1.00 and assesses no charge for orders in securities priced below $1.00;
- Fee code K, which is appended to Members' orders routed to PSX using the ROUC[5] routing strategy and assesses a charge of $0.00290 per contract for orders in securities priced at or above $1.00 and assesses a charge of 30% of the dollar value per contract for orders in securities priced below $1.00; and
- Fee code MX, which is appended to Members' orders routed to NYSE American using the ROBB, ROCO[6] or ROUC routing strategy and assesses a charge of

5 The ROUC routing strategy is a routing strategy under which an order checks the System for available shares and then is sent to destinations on the System routing table, Nasdaq OMX BX, and NYSE. See Rule 11.11(g)(1); see also Cboe Routing Strategies, FIX/BOE Routing Tags and Instructions, available at: https://cdn.cboe.com/resources/features/Cboe_USE_RoutingStrategies.pdf.

6 The ROBB and ROCO routing strategies are routing strategies which check the System for available shares and then are sent to destinations on the System routing table. See Rule 11.11(g)(3); see also Cboe Routing Strategies, FIX/BOE Routing Tags and Instructions, available at: https://cdn.cboe.com/resources/features/Cboe_USE_RoutingStrategies.pdf.

$0.00020 per contract for orders in securities priced at or above $1.00 and assesses no charge for orders in securities priced below $1.00.

The Exchange has observed a minimal amount of volume in recent months in orders yielding fee codes 8, K or MX. In particular, over the last six months the Exchange observed that orders yielding fee code MX accounted for approximately only 0.80% of all routed order volume, orders yielding fee code K accounted for approximately only 0.01% of all routed order volume, and there was only one contract executed from an order yielding fee code 8. The Exchange believes that, because so few Users elect to route their orders with specifications to which fee codes 8, K or MX, the current demand does not warrant the infrastructure and ongoing Systems maintenance required to support these separate fee codes. Therefore, the Exchange now proposes to delete fee codes 8, K and MX in the Fee Schedule. The Exchange notes that Users will continue to be able to choose to route their orders with the same specifications to which fee codes 8, K and MX currently apply —such orders will simply be assessed the fees currently in place for routed orders generally.[7] That is, if any of the routed orders to which fee code K or MX currently apply are submitted in the pre- or post-market sessions that remove liquidity[8], then fee code 7 will apply, which is appended to Members' routed

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7 The Exchange notes that there are other fee codes that apply to certain other routing specifications, however, those routed orders not otherwise specified in such other routing fee code descriptions yield the general routing fee codes 7 or X.

8 Fee code 7 is currently appended to all routed orders in the pre- or post-market session that remove liquidity. The proposed rule change updates the description associated with fee code 7 to clarify in the description that such orders remove liquidity. This update does not alter the orders to which fee code 7 currently applies but merely makes it clear in the Fee Schedule that fee code 7 applies to qualifying routed orders that remove liquidity.

orders in the pre- or post-market sessions and assesses a charge of $0.00300 per contract for orders in securities priced at or above $1.00 and assesses a charge of 30% of the dollar value per contract for orders in securities priced below $1.00. Fee code X will be appended to routed orders not submitted during the pre- or post-market sessions to which fee code K or MX currently apply and to routed orders to which fee code 8 currently applies. Fee code X currently assesses a charge of $0.00300 per contract for orders in securities priced at or above $1.00 and assesses a charge of 30% of the dollar value per contract for orders in securities priced below $1.00. The Exchange notes that rates applicable to orders yielding fee codes 7 and X are the standard routing fees pursuant to the Standard Rates section of the Fee Schedule.

Proposal to Amend Add/Remove Volume Tier

In response to the competitive environment described above, the Exchange offers tiered pricing which provides Members opportunities to qualify for higher rebates or reduced fees where certain volume criteria and thresholds are met. Tiered pricing provides incremental incentives for Members to strive for higher or different tier levels by offering increasingly higher discounts or enhanced benefits for satisfying increasingly more stringent criteria or different criteria. Competing equity exchanges offer similar tiered pricing structures, including schedules of rebates and fees that apply based upon members achieving certain volume and/or growth thresholds, as well as assess similar fees or rebates for similar types of orders, to that of the Exchange. These competing pricing schedules, moreover, are presently comparable to those that the Exchange provides.

The Exchange currently provides for such tiers pursuant to footnote 7 of the fee schedule, which currently offers various different Add/Remove Volume Tiers. Specifically, Tier 2 provides an opportunity for Members to receive reduced fee of $0.0016 per contract for qualifying liquidity adding orders (i.e., yielding fee codes 3[9], 4[10], B[11], V[12], and Y[13]), where a Member adds or removes an ADV[14] of greater than or equal to 65% of TCV.[15] The Exchange proposes to amend Add/Remove Volume Tier 2 to reduce the ADV percentage of TCV from 65% to 60%. By reducing the percentage of ADV over TCV that a Member must meet to receive a reduced fee under Tier 2, the proposed change eases the difficulty of the tier's criteria by a modest amount, which, the Exchange believes will incentive Members to increase their overall order flow, both adding and removing orders, in order to achieve the criteria under Tier 2 and receive the current reduced fee, which is remaining unchanged. The Exchange believes this may further incentivize liquidity adding Members on the Exchange to contribute to a deeper,

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9 Appended to orders that add liquidity to EDGA, pre and post market (Tapes A or C) and assesses a standard fee of $0.00300.

10 Appended to orders that add liquidity to EDGA, pre and post market (Tape B) and assesses a standard fee of $0.00300.

11 Appended to orders that add liquidity to EDGA (Tape B) and assesses a standard fee of $0.00300.

12 Appended to orders that add liquidity to EDGA (Tape A) and assesses a standard fee of $0.00300.

13 Appended to orders that add liquidity to EDGA (Tape C) and assesses a standard fee of $0.00300.

14 ADV means daily volume calculated as the number of shares added to, removed from, or routed by, the Exchange, or any combination or subset thereof, per day. ADV is calculated on a monthly basis.

15 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.

more liquid market, and liquidity executing Members on the Exchange to increase transactions and take execution opportunities provided by such increased liquidity. The Exchange believes that this, in turn, benefits all Members by contributing towards a robust and well-balanced market ecosystem. The Exchange notes the proposed tier continues to be available to all Members and is competitively achievable for all Members that submit add and/or remove order flow, in that, all firms that submit the requisite order flow may compete to meet the tier.

(b) Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,[16] in general, and furthers the objectives of Section 6(b)(4),[17] in particular, as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and issuers and other persons using its facilities. The Exchange also believes that the proposed rule change is consistent with the objectives of Section 6(b)(5)[18] 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

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16 15 U.S.C. 78f.

17 15 U.S.C. 78f(b)(4).

18 15 U.S.C. 78f.(b)(5).

the public interest, and, particularly, is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange again notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or incentives to be insufficient. The proposed rule change reflects a competitive pricing structure designed to incentivize market participants to direct their order flow to the Exchange, which the Exchange believes would enhance market quality to the benefit of all Members.

In particular, the Exchange believes the proposed rule change to remove fee codes 8, K and MX is reasonable as the Exchange has observed a minimal amount of volume in orders yielding these fee codes and, therefore, the continuation of these fee codes does not warrant the infrastructure and ongoing Systems maintenance required to support separate fee codes for specific routed orders. As such, the Exchange also believes that is reasonable and equitable to assess routed orders which meet the specifications to which fee codes 8, K and MX are currently applicable the slightly higher standard routing fee currently in place for all other routed orders — via fee codes 7 or X, as applicable. The Exchange believes that the proposed rule change is equitable and not unfairly discriminatory because Members will continue to have the option to elect to route their orders in the same manner (i.e., routed to NYSE American that add liquidity, routed to PSX using the ROUC routing strategy, routed to NYSE American using the ROBB, ROCO or ROUC routing strategy) will be automatically and uniformly assessed the applicable standard rates in place for generally all other routed orders.[19] Further, if

[19] See supra note 7.

members do not favor the Exchange’s pricing for routed orders, they can send their routable orders directly to away markets instead of using routing functionality provided by the Exchange. Routing through the Exchange is optional, 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.

The Exchange believes the proposed rule change to amend the criteria in Add/Remove Volume Tier 2 is reasonable, equitable and not unfairly discriminatory. The Exchange believes that easing the difficulty in reaching the criteria by a modest amount is reasonably designed to provide further incentive for Members to submit both adding and removing order flow to the Exchange in order to receive the reduced fee currently offered under Tier 2. The Exchange notes that the amount of the reduced fee offered is not changing. The Exchange believes the slight decrease in criteria difficulty under Tier 2 may further incentivize liquidity adding Members on the Exchange to contribute to a deeper, more liquid market, and liquidity executing Members on the Exchange to increase transactions and take execution opportunities provided by such increased liquidity. The Exchange believes that this, in turn, benefits all Members by contributing towards a robust and well-balanced market ecosystem. The Exchange believes that the proposed rule change is equitable and not unfairly discriminatory because all Members will continue to be eligible for the Add/Remove Volume Tier 2 and will continue to have the opportunity to meet the tier’s criteria and receive the current reduced fee if such criteria is met. Without having a view of activity on other markets and off-exchange venues, the Exchange has no way of knowing whether this proposed rule change would definitely result in any Members qualifying for Add/Remove Volume Tier 2, as amended.

While the Exchange has no way of predicting with certainty how the proposed tier will impact Member activity, the Exchange does not anticipate that the proposed criteria would impact any of the Members that are currently able to compete for and reach Tier 2 and would merely provide the opportunity for additional Members to be able to compete for and reach the proposed tier. The Exchange also notes that proposed Add/Remove Volume Tier 2 will not adversely impact any Member's pricing or their ability to qualify for other reduced fee or enhanced rebate tiers. Should a Member not meet the proposed criteria under the proposed tier, the Member will merely not receive that reduced fee. As stated, the reduced fee offered under Tier 2 remains unchanged and it will continue to uniformly apply to all Members that meet the required criteria, as amended, under Tier 2.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe the proposed rule change to remove fee codes 8, K or MX will impose any burden on intramarket competition because all Members orders that would yield current fee codes 8, K or MX, will automatically and uniformly be assessed the fees already in place for routed orders generally,[20] as applicable (i.e., fee codes 7 or X). Further, the Exchange does not believe that the proposed rule change to amend Add/Remove Volume Tier 2 will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the proposed change applies to all Members equally in that all Members will continue to be eligible for the proposed Add/Remove Volume Tier 2, have a reasonable opportunity to

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[20] See supra note 7.

meet the tier's criteria, as amended, and will all receive the current reduced fee if such criteria is met. As describe above, the proposed Tier 2 criteria is designed to attract additional order flow to the Exchange, incentivizing market participants to direct liquidity and executing order flow to the Exchange, bringing with it improved price transparency and more trading opportunities to the benefit of all market participants on the Exchange.

The Exchange does not believe that the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange again notes that orders that meet the specifications to which fee codes 8, K or MX would currently apply, will yield the same fee codes and be assessed the same corresponding rates that are already in place in the Fee Schedule for routed orders generally, as previously filed with the Commission. In addition to this, the Exchange also notes again that competing equity exchanges offer similar tiered pricing structures, including schedules of rebates and fees that apply based upon members achieving certain volume and/or growth thresholds, as well as assess similar fees or rebates for similar types of orders, to that of the Exchange. Also, as previously discussed, the Exchange operates in a highly competitive market. Members have numerous alternative venues that they may participate on and director their order flow, including 15 other options exchanges and off-exchange venues. Additionally, the Exchange represents a small percentage of the overall market. Based on publicly available information, no single options exchange has more than 16% of the market share.[21] Therefore, no exchange possesses significant pricing power in the execution of option order flow. Indeed, participants can readily choose to send their orders to other exchange and off-

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[21] See supra note 4.

exchange venues if they deem fee levels at those other venues to be more favorable. Moreover, the Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. Specifically, in Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system "has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies."[22] The fact that this market is competitive has also long been recognized by the courts. In NetCoalition v. Securities and Exchange Commission, the D.C. Circuit stated as follows: "[n]o one disputes that competition for order flow is 'fierce.' … As the SEC explained, '[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution'; [and] 'no exchange can afford to take its market share percentages for granted' because 'no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers'….".[23] Accordingly, the Exchange does not believe its proposed fee change imposes any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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22 See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005).

23 NetCoalition v. SEC, 615 F.3d 525, 539 (D.C. Cir. 2010) (quoting Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770, 74782-83 (December 9, 2008) (SR-NYSEArca-2006-21)).

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

The Exchange neither solicited nor received comments on the proposed rule change.

Item 6. **Extension of Time Period for Commission Action**

Not applicable.

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

(a) The proposed rule change is filed for immediate effectiveness pursuant to Section 19(b)(3)(A) of the Act[24] and Rule 19b-4(f)(2)[25] thereunder.

(b) The Exchange designates that the proposed rule change establishes or changes a due, fee, or other charge imposed by the Exchange, which renders the proposed rule change effective upon filing with the Securities and Exchange Commission (the "Commission"). At any time within 60 days of the filing of this 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.

(c) Not applicable.

(d) Not applicable.

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24 15 U.S.C. 78s(b)(3)(A).

25 17 CFR 240.19b-4(f)(2).

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

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

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

Not applicable.

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

Not applicable.

Item 11. Exhibits

Exhibit 1. Completed Notice of Proposed Rule Change for publication in the Federal Register.

Exhibits 2-4. Not applicable.

Exhibit 5. Proposed rule text.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34- ; File No. SR-CboeEDGA-2021-003]

[Insert date]

Self-Regulatory Organizations; Cboe EDGA Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Amend the 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 EDGA Exchange, Inc. (the "Exchange" or "EDGA") 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 EDGA Exchange, Inc. (the "Exchange" or "EDGA") is filing with the Securities and Exchange Commission ("Commission") a proposed rule change to amend the fee schedule applicable to Members and non-Members of the Exchange pursuant to EDGA 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 provided in Exhibit 5.

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

2 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/edga/), 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 Exchange proposes to amend its fee schedule by 1) eliminating certain routing fee codes and 2) amending an Add/Remove Volume Tier.[3]

The Exchange first notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or incentives to be insufficient. More specifically, the Exchange is only one of 16 registered equities exchanges, as well as a number of alternative trading systems and other off-exchange venues that do not have similar self-regulatory responsibilities under the Exchange Act, to which market

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3 The Exchange initially filed the proposed fee changes January 4, 2021 (SR-CboeEDGA-2021-001). On January 13, 2021, the Exchange withdrew that filing and submitted this proposal.

participants may direct their order flow. Based on publicly available information,[4] no single registered equities exchange has more than 16% of the market share. Thus, in such a low-concentrated and highly competitive market, no single equities exchange possesses significant pricing power in the execution of order flow. The Exchange believes that the ever-shifting market share among the exchanges from month to month demonstrates that market participants can shift order flow or discontinue to reduce use of certain categories of products, in response to fee changes. Accordingly, competitive forces constrain the Exchange's transaction fees, and market participants can readily trade on competing venues if they deem pricing levels at those other venues to be more favorable.

Proposal to Remove Certain Routing Fee Codes

The Exchange assesses fees in connection with orders routed away to various exchanges. As a result of minimal use in the last months, the Exchange proposes to eliminate the following routing fee codes currently under the Fee Codes and Associated Fees section of the Fee Schedule:

- Fee code 8, which is appended to Members' orders routed to NYSE American that adds liquidity and assesses a charge of $0.00020 per contract for orders in securities priced at or above $1.00 and assesses no charge for orders in securities priced below $1.00;
- Fee code K, which is appended to Members' orders routed to PSX using the ROUC[5] routing strategy and assesses a charge of $0.00290 per contract for orders

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4 See Cboe Global Markets, U.S. Equities Market Volume Summary, Month-to-Date (December 29, 2020), available at https://markets.cboe.com/us/equities/market_statistics/.

5 The ROUC routing strategy is a routing strategy under which an order checks the System for available shares and then is sent to destinations on the System routing

in securities priced at or above $1.00 and assesses a charge of 30% of the dollar value per contract for orders in securities priced below $1.00; and

- Fee code MX, which is appended to Members' orders routed to NYSE American using the ROBB, ROCO[6] or ROUC routing strategy and assesses a charge of $0.00020 per contract for orders in securities priced at or above $1.00 and assesses no charge for orders in securities priced below $1.00.

The Exchange has observed a minimal amount of volume in recent months in orders yielding fee codes 8, K or MX. In particular, over the last six months the Exchange observed that orders yielding fee code MX accounted for approximately only 0.80% of all routed order volume, orders yielding fee code K accounted for approximately only 0.01% of all routed order volume, and there was only one contract executed from an order yielding fee code 8. The Exchange believes that, because so few Users elect to route their orders with specifications to which fee codes 8, K or MX, the current demand does not warrant the infrastructure and ongoing Systems maintenance required to support these separate fee codes. Therefore, the Exchange now proposes to delete fee codes 8, K and MX in the Fee Schedule. The Exchange notes that Users will continue to be able to choose to route their orders with the same specifications to which fee codes 8, K and MX currently apply —such orders will simply be assessed the fees

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table, Nasdaq OMX BX, and NYSE. See Rule 11.11(g)(1); see also Cboe Routing Strategies, FIX/BOE Routing Tags and Instructions, available at: https://cdn.cboe.com/resources/features/Cboe_USE_RoutingStrategies.pdf.

6 The ROBB and ROCO routing strategies are routing strategies which check the System for available shares and then are sent to destinations on the System routing table. See Rule 11.11(g)(3); see also Cboe Routing Strategies, FIX/BOE Routing Tags and Instructions, available at: https://cdn.cboe.com/resources/features/Cboe_USE_RoutingStrategies.pdf.

currently in place for routed orders generally.[7] That is, if any of the routed orders to which fee code K or MX currently apply are submitted in the pre- or post-market sessions that remove liquidity[8], then fee code 7 will apply, which is appended to Members' routed orders in the pre- or post-market sessions and assesses a charge of $0.00300 per contract for orders in securities priced at or above $1.00 and assesses a charge of 30% of the dollar value per contract for orders in securities priced below $1.00. Fee code X will be appended to routed orders not submitted during the pre- or post-market sessions to which fee code K or MX currently apply and to routed orders to which fee code 8 currently applies. Fee code X currently assesses a charge of $0.00300 per contract for orders in securities priced at or above $1.00 and assesses a charge of 30% of the dollar value per contract for orders in securities priced below $1.00. The Exchange notes that rates applicable to orders yielding fee codes 7 and X are the standard routing fees pursuant to the Standard Rates section of the Fee Schedule.

Proposal to Amend Add/Remove Volume Tier

In response to the competitive environment described above, the Exchange offers tiered pricing which provides Members opportunities to qualify for higher rebates or reduced fees where certain volume criteria and thresholds are met. Tiered pricing provides incremental incentives for Members to strive for higher or different tier levels

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7 The Exchange notes that there are other fee codes that apply to certain other routing specifications, however, those routed orders not otherwise specified in such other routing fee code descriptions yield the general routing fee codes 7 or X.

8 Fee code 7 is currently appended to all routed orders in the pre- or post-market session that remove liquidity. The proposed rule change updates the description associated with fee code 7 to clarify in the description that such orders remove liquidity. This update does not alter the orders to which fee code 7 currently applies but merely makes it clear in the Fee Schedule that fee code 7 applies to qualifying routed orders that remove liquidity.

by offering increasingly higher discounts or enhanced benefits for satisfying increasingly more stringent criteria or different criteria. Competing equity exchanges offer similar tiered pricing structures, including schedules of rebates and fees that apply based upon members achieving certain volume and/or growth thresholds, as well as assess similar fees or rebates for similar types of orders, to that of the Exchange. These competing pricing schedules, moreover, are presently comparable to those that the Exchange provides.

The Exchange currently provides for such tiers pursuant to footnote 7 of the fee schedule, which currently offers various different Add/Remove Volume Tiers. Specifically, Tier 2 provides an opportunity for Members to receive reduced fee of \$0.0016 per contract for qualifying liquidity adding orders (i.e., yielding fee codes 3[9], 4[10], B[11], V[12], and Y[13]), where a Member adds or removes an ADV[14] of greater than or equal to 65% of TCV.[15] The Exchange proposes to amend Add/Remove Volume Tier 2

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9 Appended to orders that add liquidity to EDGA, pre and post market (Tapes A or C) and assesses a standard fee of \$0.00300.

10 Appended to orders that add liquidity to EDGA, pre and post market (Tape B) and assesses a standard fee of \$0.00300.

11 Appended to orders that add liquidity to EDGA (Tape B) and assesses a standard fee of \$0.00300.

12 Appended to orders that add liquidity to EDGA (Tape A) and assesses a standard fee of \$0.00300.

13 Appended to orders that add liquidity to EDGA (Tape C) and assesses a standard fee of \$0.00300.

14 ADV means daily volume calculated as the number of shares added to, removed from, or routed by, the Exchange, or any combination or subset thereof, per day. ADV is calculated on a monthly basis.

15 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.

to reduce the ADV percentage of TCV from 65% to 60%. By reducing the percentage of ADV over TCV that a Member must meet to receive a reduced fee under Tier 2, the proposed change eases the difficulty of the tier's criteria by a modest amount, which, the Exchange believes will incentive Members to increase their overall order flow, both adding and removing orders, in order to achieve the criteria under Tier 2 and receive the current reduced fee, which is remaining unchanged. The Exchange believes this may further incentivize liquidity adding Members on the Exchange to contribute to a deeper, more liquid market, and liquidity executing Members on the Exchange to increase transactions and take execution opportunities provided by such increased liquidity. The Exchange believes that this, in turn, benefits all Members by contributing towards a robust and well-balanced market ecosystem. The Exchange notes the proposed tier continues to be available to all Members and is competitively achievable for all Members that submit add and/or remove order flow, in that, all firms that submit the requisite order flow may compete to meet the tier.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,[16] in general, and furthers the objectives of Section 6(b)(4),[17] in particular, as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and issuers and other persons using its facilities. The Exchange also believes that the proposed rule change is consistent with the objectives of Section 6(b)(5)[18] requirements that the rules of an exchange be

16 15 U.S.C. 78f.

17 15 U.S.C. 78f(b)(4).

18 15 U.S.C. 78f.(b)(5).

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, and, particularly, is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange again notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or incentives to be insufficient. The proposed rule change reflects a competitive pricing structure designed to incentivize market participants to direct their order flow to the Exchange, which the Exchange believes would enhance market quality to the benefit of all Members.

In particular, the Exchange believes the proposed rule change to remove fee codes 8, K and MX is reasonable as the Exchange has observed a minimal amount of volume in orders yielding these fee codes and, therefore, the continuation of these fee codes does not warrant the infrastructure and ongoing Systems maintenance required to support separate fee codes for specific routed orders. As such, the Exchange also believes that is reasonable and equitable to assess routed orders which meet the specifications to which fee codes 8, K and MX are currently applicable the slightly higher standard routing fee currently in place for all other routed orders — via fee codes 7 or X, as applicable. The Exchange believes that the proposed rule change is equitable and not unfairly discriminatory because Members will continue to have the option to elect to route their orders in the same manner (i.e., routed to NYSE American that add liquidity, routed to PSX using the ROUC routing strategy, routed to NYSE American using the ROBB, ROCO or ROUC routing strategy) will be automatically and uniformly assessed the applicable standard rates in place for generally all other routed orders.[19] Further, if members do not favor the Exchange's pricing for routed orders, they can send their routable orders directly to away markets instead of using routing functionality provided by the Exchange. Routing through the Exchange is optional, 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.

The Exchange believes the proposed rule change to amend the criteria in Add/Remove Volume Tier 2 is reasonable, equitable and not unfairly discriminatory. The Exchange believes that easing the difficulty in reaching the criteria by a modest amount is reasonably designed to provide further incentive for Members to submit both adding and removing order flow to the Exchange in order to receive the reduced fee currently offered under Tier 2. The Exchange notes that the amount of the reduced fee offered is not changing. The Exchange believes the slight decrease in criteria difficulty under Tier 2 may further incentivize liquidity adding Members on the Exchange to contribute to a deeper, more liquid market, and liquidity executing Members on the Exchange to increase transactions and take execution opportunities provided by such increased liquidity. The Exchange believes that this, in turn, benefits all Members by contributing towards a robust and well-balanced market ecosystem. The Exchange believes that the proposed rule change is equitable and not unfairly discriminatory because all Members

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[19] See supra note 7.

will continue to be eligible for the Add/Remove Volume Tier 2 and will continue to have the opportunity to meet the tier's criteria and receive the current reduced fee if such criteria is met. Without having a view of activity on other markets and off-exchange venues, the Exchange has no way of knowing whether this proposed rule change would definitely result in any Members qualifying for Add/Remove Volume Tier 2, as amended. While the Exchange has no way of predicting with certainty how the proposed tier will impact Member activity, the Exchange does not anticipate that the proposed criteria would impact any of the Members that are currently able to compete for and reach Tier 2 and would merely provide the opportunity for additional Members to be able to compete for and reach the proposed tier. The Exchange also notes that proposed Add/Remove Volume Tier 2 will not adversely impact any Member's pricing or their ability to qualify for other reduced fee or enhanced rebate tiers. Should a Member not meet the proposed criteria under the proposed tier, the Member will merely not receive that reduced fee. As stated, the reduced fee offered under Tier 2 remains unchanged and it will continue to uniformly apply to all Members that meet the required criteria, as amended, under Tier 2.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe the proposed rule change to remove fee codes 8, K or MX will impose any burden on intramarket competition because all Members orders that would yield current fee codes 8, K or MX, will automatically and uniformly be assessed the fees already in place for routed orders generally,[20] as applicable (i.e., fee

[20] See supra note 7.

codes 7 or X). Further, the Exchange does not believe that the proposed rule change to amend Add/Remove Volume Tier 2 will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the proposed change applies to all Members equally in that all Members will continue to be eligible for the proposed Add/Remove Volume Tier 2, have a reasonable opportunity to meet the tier's criteria, as amended, and will all receive the current reduced fee if such criteria is met. As describe above, the proposed Tier 2 criteria is designed to attract additional order flow to the Exchange, incentivizing market participants to direct liquidity and executing order flow to the Exchange, bringing with it improved price transparency and more trading opportunities to the benefit of all market participants on the Exchange.

The Exchange does not believe that the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange again notes that orders that meet the specifications to which fee codes 8, K or MX would currently apply, will yield the same fee codes and be assessed the same corresponding rates that are already in place in the Fee Schedule for routed orders generally, as previously filed with the Commission. In addition to this, the Exchange also notes again that competing equity exchanges offer similar tiered pricing structures, including schedules of rebates and fees that apply based upon members achieving certain volume and/or growth thresholds, as well as assess similar fees or rebates for similar types of orders, to that of the Exchange. Also, as previously discussed, the Exchange operates in a highly competitive market. Members have numerous alternative venues that they may participate on and director their order flow, including 15 other options exchanges and off-exchange venues. Additionally, the Exchange represents a small percentage of the overall market. Based on publicly available information, no single options exchange has more than 16% of the market share.[21] Therefore, no exchange possesses significant pricing power in the execution of option order flow. Indeed, participants can readily choose to send their orders to other exchange and off-exchange venues if they deem fee levels at those other venues to be more favorable. Moreover, the Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. Specifically, in Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system "has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies."[22] The fact that this market is competitive has also long been recognized by the courts. In NetCoalition v. Securities and Exchange Commission, the D.C. Circuit stated as follows: "[n]o one disputes that competition for order flow is 'fierce.' … As the SEC explained, '[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution'; [and] 'no exchange can afford to take its market share percentages for granted' because 'no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers'….".[23] Accordingly, the

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21 See supra note 4.

22 See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005).

23 NetCoalition v. SEC, 615 F.3d 525, 539 (D.C. Cir. 2010) (quoting Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770, 74782-83 (December 9, 2008) (SR-NYSEArca-2006-21)).

Exchange does not believe its proposed fee change imposes any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

The Exchange neither solicited nor received comments on the proposed rule change.

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[24] and paragraph (f) of Rule 19b-4[25] 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

24 15 U.S.C. 78s(b)(3)(A).

25 17 CFR 240.19b-4(f).

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-CboeEDGA-2021-003 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-CboeEDGA-2021-003. 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-CboeEDGA-2021-003 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.[26]

Secretary

26 17 CFR 200.30-3(a)(12).

EXHIBIT 5

(additions are underlined; deletions are [bracketed])

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Cboe U.S. Equities Fee Schedules

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EDGA Equities

Effective January [4]13, 2021

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Fee Codes and Associated Fees:

Fee Code	Description	Fee/(Rebate) Securities at or above $1.00	Fee/(Rebate) Securities below $1.00
* * * * *			
7	Routed, pre and post market, removes liquidity	0.00300	0.30% of Dollar Value
[8]	[Routed to NYSE American, adds liquidity]	[0.00020]	[FREE]
* * * * *			
[K]	[Routed to PSX using ROUC routing strategy]	[0.00290]	[0.30% of Dollar Value]
* * * * *			
[MX]	[Routed to NYSE American using ROBB, ROCO or ROUC routing strategy]	[0.00020]	[FREE]
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Footnotes:

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[7] **Add/Remove Volume Tiers:**

Applicable to the following fee codes: 3, 4, B, V, and Y.

Tier	Fee Per Share to Add	Required Criteria
Tier 1	No change.	No change.
Tier 2	$0.0016	Member adds or removes an ADV ≥ 0.60[5]% of the TCV.
Tier 3	No change.	No change.

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