*General Counsel Certification:* The General Counsel of the United States Postal Service has certified that the meeting may be closed under the Government in the Sunshine Act.

**CONTACT PERSON FOR MORE INFORMATION:** Michael J. Elston, Secretary of the Board, U.S. Postal Service, 475 L'Enfant Plaza SW, Washington, DC 20260–1000. Telephone: (202) 268–4800.

**Michael J. Elston,**

*Secretary.*

[FR Doc. 2020–05279 Filed 3–11–20; 11:15 am]

**BILLING CODE 7710–12–P**

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## SECURITIES AND EXCHANGE COMMISSION

**[Release No. 34–88345; File No. SR–NYSEArca–2020–18]**

## Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Modify the NYSE Arca Options Fee Schedule

March 9, 2020.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on March 2, 2020, NYSE Arca, Inc. (''NYSE Arca'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

### I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to modify the NYSE Arca Options Fee Schedule (''Fee Schedule''). The Exchange proposes to implement the fee change effective March 2, 2020. The proposed rule change is available on the Exchange's website at *www.nyse.com,* at the principal office of the Exchange, and at the Commission's Public Reference Room.

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

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

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

1. Purpose

The purpose of this filing is to amend the Fee Schedule to modify the Limit of Fees on Options Strategy Executions (''Strategy Cap''), as set forth below.

Currently, the Fee Schedule provides that transaction fees for OTP Holders and OTP Firms (collectively, ''OTP Holders'') are limited or capped at $700 for certain options strategy executions ''on the same trading day in the same option class'' and such fees are further capped at $25,000 per month per initiating firm.[3] Strategy executions that qualify for the Strategy Cap are (a) reversals and conversions, (b) box spreads, (c) short stock interest spreads, (d) merger spreads, and (e) jelly rolls, which are described in detail in the Fee Schedule (the ''Strategy Executions'').[4]

The Exchange proposes to increase the daily Strategy Cap from $700 to $1,000 and to include in the Cap all Strategy Executions traded in the same day (*i.e.,* to eliminate the Cap requirement that strategies be in the same option class). In connection with this change, the Exchange proposes to eliminate the $25,000 monthly Strategy Cap. The Exchange believes that the proposed Strategy Cap would encourage OTP Holders to execute more Strategy Executions, particularly those that would not individually qualify for inclusion in the Cap because of the current per-symbol limitation, as such strategies would become more economically feasible (and thus more attractive), when combined under the proposed Cap with all of an OTP Holder's Strategy Executions on the same trading day.

The Exchange also proposes to exclude from the cap any qualifying Strategy Execution executed as a QCC order, as QCC transactions for Non-Customers are eligible for other Fee Cap programs, and eligible for credits for a Floor Broker executing a QCC (*see infra* note 10).

The Exchange proposes to implement the rule change on March 2, 2020.

Background

The Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. 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.'' [5]

There are currently 16 registered options exchanges competing for order flow. Based on publicly-available information, and excluding index-based options, no single exchange has more than 16% of the market share of executed volume of multiply-listed equity and ETF options trades.[6] Therefore, no exchange possesses significant pricing power in the execution of multiply-listed equity & ETF options order flow. More specifically, in the fourth quarter of 2019, the Exchange had less than 10% market share of executed volume of multiply-listed equity & ETF options trades.[7]

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 or reduce use of certain categories of products, in response to fee changes. Accordingly, competitive forces constrain options exchange transaction fees.

In response to this competitive environment, the Exchange has established incentives, such as the Strategy Cap, to encourage OTP Holders to participate in certain large volume options strategies that capture potentially small profits by capping the fees paid for such transactions.

As noted above, the current Strategy Cap limits or caps at $700 transaction fees for options Strategy Executions ''on

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

[2] 17 CFR 240.19b–4.

[3] *See* Fee Schedule, NYSE Arca OPTIONS: TRADE–RELATED CHARGES FOR STANDARD OPTIONS, LIMIT OF FEES ON OPTIONS STRATEGY EXECUTIONS, *available here: https://www.nyse.com/publicdocs/nyse/markets/arca-options/NYSE_Arca_Options_Fee_Schedule.pdf.*

[4] *See id.,* at Endnote 10 (describing the Strategy Executions).

[5] *See* Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) (S7–10–04) (''Reg NMS Adopting Release'').

[6] The OCC publishes options and futures volume in a variety of formats, including daily and monthly volume by exchange, *available here: https://www.theocc.com/market-data/volume/default.jsp.*

[7] Based on OCC data, *see id.,* the Exchange's market share in equity-based options was 9.57% for the month of January 2019 and 9.59% for the month of January 2020.

the same trading day in the same option class'' and further caps such fees at $25,000 per month.[8]

Proposed Rule Change

The Exchange proposes to modify the Strategy Cap by eliminating the requirement that Strategy Executions on the same trading day all be in the same symbol for inclusion in the Cap. Specifically, as proposed, the daily Strategy Cap on transaction fees for options Strategy Executions would be changed from $700 to $1,000 and would apply to all Strategy Executions by an OTP Holder on the same trading day (regardless of option class/symbol). In addition, given the proposal to cap an OTP Holder's fee for all Strategy Executions in a given trading day at $1,000, the Exchange proposed to eliminate the $25,000 per month Strategy Cap as unnecessary.

For example, per the current Fee Schedule, an OTP Holder that executes the following Strategy Executions on the same trading day would be charged as follows:

- A Jelly Roll in ABC for $800 in fees, capped at $700;
- A Reversal Conversion in DEF for $500 in fees; and
- A Merger Spread in XYZ for $600.

The total fees for these Strategy Executions under the current Fee Schedule would be $1,800. Under the proposed Strategy Cap, the same trades would be billed as follows:

- A Jelly Roll in ABC for $800 in fees;
- A Reversal Conversion in DEF for $500 in fees; and
- A Merger Spread in XYZ for $600.

The total fees for these Strategy Executions under the proposed Fee Schedule would be $1,000. Thus, although the amount of the Cap would be increased, the number of eligible Strategy Executions would also be increased, making it easier to meet the Strategy Cap.

The Exchange also proposes to clarify that, consistent with other options exchanges that offer similar caps, a qualifying Strategy Execution executed as a QCC order will not be eligible for this fee cap.[9] The Exchange notes that QCC transactions for Non-Customers are eligible for other Fee Cap programs, and eligible for credits for a Floor Broker executing a QCC.[10]

The Exchange's fees are constrained by intermarket competition, as OTP Holders may direct their order flow to any of the 16 options exchanges, including those with similar Strategy Fee Caps.[11] Thus, OTP Holders have a choice of where they direct their order flow. This proposed change is designed to incent OTP Holders to increase their Strategy Execution volumes by executing (often smaller) strategies that are not necessarily economically viable on a per symbol basis, but which may be profitable when fees on Strategy Executions—regardless of symbol—are capped for the trading day. The Exchange notes that all market participants stand to benefit from increased volume, which promotes market depth, facilitates tighter spreads and enhances price discovery, and may lead to a corresponding increase in order flow from other market participants.

The Exchange cannot predict with certainty whether any OTP Holders would avail themselves of this proposed fee change. At present, whether or when an OTP Holder qualifies for the current daily Strategy Cap (of $700) varies day-to-day in a given month. Thus, the Exchange cannot predict with any certainty the number of OTP Holders that may qualify for the modified Strategy Cap, but believes that OTP Holders would be encouraged to take advantage of the modified Cap. The Exchange believes the proposed Strategy Cap, which applies to all qualifying strategies executed on the same trading day, regardless of symbol, would provide an incentive for OTP Holders to submit these types of strategy orders to the Exchange Trading Floor, which brings increased liquidity and order flow for the benefit of all market participants.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,[12] in general, and furthers the objectives of Sections 6(b)(4) and (5) of the Act,[13] in particular, because it provides for the equitable allocation of reasonable dues, fees, and other charges among its members, issuers and other persons using its facilities and does not unfairly discriminate between customers, issuers, brokers or dealers.

The Proposed Rule Change Is Reasonable

The Exchange operates in a highly competitive market. The Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. 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.'' [14]

There are currently 16 registered options exchanges competing for order flow. Based on publicly-available information, and excluding index-based options, no single exchange has more than 16% of the market share of executed volume of multiply-listed equity and ETF options trades.[15] Therefore, no exchange possesses significant pricing power in the execution of multiply-listed equity & ETF options order flow. More specifically, in the fourth quarter of 2019, the Exchange had less than 10% market share of executed volume of multiply-listed equity & ETF options trades.[16]

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 or reduce use of certain categories of products, in response to fee changes. Accordingly, competitive forces constrain options exchange transaction fees. Stated otherwise, changes to exchange transaction fees can have a direct effect on the ability of an exchange to compete for order flow.

The Exchange believes that the proposed modification to the Strategy

[8] *See* Fee Schedule, *supra* note 4.

[9] *See e.g.,* NYSE American Options fee schedule, Section I.J., Strategy Execution Fee Cap (providing that ''Any qualifying Strategy Execution executed as a QCC order will not be eligible for this fee cap'').

[10] *See e.g.,* Fee Schedule, NYSE Arca OPTIONS: TRADE–RELATED CHARGES FOR STANDARD OPTIONS, FIRM AND BROKER DEALER MONTHLY FEE CAP (including in monthly cap any ''QCC transactions executed by a Floor Broker from the Floor of the Exchange'') and QUALIFIED CONTINGENT CROSS (''QCC'') TRANSACTION FEES AND CREDITS (providing a per contract credit for QCCs executed by Floor Brokers).

[11] The proposed change is substantially identical to a change made by NYSE American Options in September 2019 wherein that exchange increased its Strategy Execution Cap from $750 (not $700, as here) to $1,000 and applied cap to all Strategy Executions by a given ATP Holder on the same trading day and to eliminate the $25,000 monthly Strategy Cap. *See* Securities Exchange Act Release No. 86917 (September 10, 2019), 84 FR 48672 (September 16, 2019) (SR–NYSEAMER–2019–36); NYSE American Options fee schedule, Section I.J., Strategy Execution Fee Cap (excluding QCC transactions from the cap). *See also* BOX Options Market LLC (''BOX'') fee schedule, Section II.D (Strategy QOO Order Fee Cap and Rebate).

[12] 15 U.S.C. 78f(b).

[13] 15 U.S.C. 78f(b)(4) and (5).

[14] *See* Reg NMS Adopting Release, *supra* note 6, at 37499.

[15] *See supra* note 7.

[16] Based on OCC data, *see supra* note 8, in 2019, the Exchange's market share in equity-based options was 9.57% for the month of January 2019 and 9.59% for the month of January 2020.

Cap is designed to incent OTP Holders to increase the number and type of Strategy Executions sent to the Exchange. In addition, the proposal caps fees on all similar transactions, regardless of size and similarly-situated OTP Holders can opt to try to achieve the modified Strategy Cap. The proposal is designed to encourage OTP Holders to send all Strategy Executions to the Exchange regardless of size or type. To the extent that the proposed change attracts more Strategy Executions to the Exchange Trading Floor, this increased order flow would continue to make the Exchange a more competitive venue for, among other things, order execution, which, in turn, promotes just and equitable principles of trade and removes impediments to and perfects the mechanism of a free and open market and a national market system.

Finally, to the extent the proposed change continues to attract greater volume and liquidity (to the Floor or otherwise), the Exchange believes the proposed change would improve the Exchange's overall competitiveness and strengthen its market quality for all market participants. In the backdrop of the competitive environment in which the Exchange operates, the proposed rule change is a reasonable attempt by the Exchange to increase the depth of its market and improve its market share relative to its competitors. The Exchange's fees are constrained by intermarket competition, as OTP Holders may direct their order flow to any of the 16 options exchanges, including those with similar Strategy Fee Caps.[17] Thus, OTP Holders have a choice of where they direct their order flow—including their Strategy Executions. The proposed rule change is designed to incent OTP Holders to direct liquidity to the Exchange—in particular Strategy Executions, thereby promoting market depth, price discovery and improvement and enhancing order execution opportunities for market participants.

The Exchange cannot predict with certainty whether any OTP Holders would avail themselves of this proposed fee change. At present, whether or when an OTP Holder qualifies for the current daily Strategy Cap (of $700) varies day-to-day in a given month. Thus, the Exchange cannot predict with any certainty the number of OTP Holders that may qualify for the modified Strategy Cap, but believes that OTP Holders would be encouraged to take advantage of the modified Cap. The Exchange believes the proposed Strategy Cap, which applies to all qualifying strategies executed on the same trading day, regardless of symbol, would provide an incentive for OTP Holders to submit these types of strategy orders to the Exchange Trading Floor, which brings increased liquidity and order flow for the benefit of all market participants.

The Proposed Rule Change Is an Equitable Allocation of Credits and Fees

The Exchange believes the proposed rule change is an equitable allocation of its fees and credits. The proposal is based on the amount and type of business transacted on the Exchange and OTP Holders can opt to avail themselves of the Strategy Cap or not. Moreover, the proposal is designed to encourage OTP Holders to aggregate all Strategy Executions at the Exchange as a primary execution venue. To the extent that the proposed change attracts more Strategy Executions to the Exchange, this increased order flow would continue to make the Exchange a more competitive venue for, among other things, order execution. Thus, the Exchange believes the proposed rule change would improve market quality for all market participants on the Exchange and, as a consequence, attract more order flow to the Exchange thereby improving market-wide quality and price discovery.

The Proposed Rule Change Is Not Unfairly Discriminatory

The Exchange believes it is not unfairly discriminatory to modify the Strategy Cap because the proposed modification would be available to all similarly-situated market participants on an equal and non-discriminatory basis.

The proposal is based on the amount and type of business transacted on the Exchange and OTP Holders are not obligated to try to achieve the Strategy Cap. Rather, the proposal is designed encourage OTP Holders to utilize the Exchange as a primary trading venue for Strategy Executions (if they have not done so previously) or increase volume sent to the Exchange. To the extent that the proposed change attracts more Strategy Executions to the Exchange, this increased order flow would continue to make the Exchange a more competitive venue for, among other things, order execution. Thus, the Exchange believes the proposed rule change would improve market quality for all market participants on the Exchange and, as a consequence, attract more order flow to the Exchange thereby improving market-wide quality and price discovery. The resulting increased volume and liquidity would provide more trading opportunities and tighter spreads to all market participants and thus would promote just and equitable principles of trade, 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.

Finally, the Exchange believes that it is subject to significant competitive forces, as described below in the Exchange's statement regarding the burden on competition.

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

In accordance with Section 6(b)(8) of the Act, the Exchange does not believe that the proposed rule change would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Instead, as discussed above, the Exchange believes that the proposed changes would encourage the submission of additional liquidity to a public exchange, thereby promoting market depth, price discovery and transparency and enhancing order execution opportunities for all market participants. As a result, the Exchange believes that the proposed change furthers the Commission's goal in adopting Regulation NMS of fostering integrated competition among orders, which promotes ''more efficient pricing of individual stocks for all types of orders, large and small.''[18]

*Intramarket Competition.* The proposed change is designed to attract additional order flow (particularly Strategy Executions) to the Exchange. The Exchange believes that the proposed Strategy Cap would incent market participants to direct their Strategy Execution volume to the Exchange. Greater liquidity benefits all market participants on the Exchange and increased Strategy Executions would increase opportunities for execution of other trading interest. The proposed Strategy Cap would be available to all similarly-situated market participants that incur transaction fees on Strategy Executions, and, as such, the proposed change would not impose a disparate burden on competition among market participants on the Exchange.

*Intermarket Competition.* The Exchange operates in a highly competitive market in which market

[17] *See supra* note 12 (regarding the substantially identical change to the NYSE American Fee Schedule, which also excludes QCC transactions from the cap, and the $1,000 cap on strategy executions in place on and BOX).

[18] *See* Reg NMS Adopting Release, *supra* note 6, at 37499.

participants can readily favor one of the 16 competing option exchanges if they deem fee levels at a particular venue to be excessive. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges and to attract order flow to the Exchange. Based on publicly-available information, and excluding index-based options, no single exchange has more than 16% of the market share of executed volume of multiply-listed equity and ETF options trades.[19] Therefore, no exchange possesses significant pricing power in the execution of multiply-listed equity & ETF options order flow. More specifically, in the fourth quarter of 2019, the Exchange had less than 10% market share of executed volume of multiply-listed equity & ETF options trades.[20]

The Exchange believes that the proposed rule change reflects this competitive environment because it modifies the Exchange's fees in a manner designed to encourage OTP Holders to direct trading interest (particularly Strategy Executions) to the Exchange, to provide liquidity and to attract order flow. To the extent that this purpose is achieved, all the Exchange's market participants should benefit from the improved market quality and increased opportunities for price improvement.

The Exchange believes that the proposed change could promote competition between the Exchange and other execution venues, including those that currently offer similar Strategy Caps, by encouraging additional orders to be sent to the Exchange for execution. The Exchange also believes that the proposed change is designed to provide the public and investors with a Fee Schedule that is clear and consistent, thereby reducing burdens on the marketplace and facilitating investor protection.

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

No written comments were solicited or received with respect to the proposed rule change.

**III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action**

The foregoing rule change is effective upon filing pursuant to Section 19(b)(3)(A) [21] of the Act and subparagraph (f)(2) of Rule 19b–4 [22] thereunder, because it establishes a due, fee, or other charge imposed by the Exchange.

At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B) [23] of the Act to determine whether the proposed rule change should be approved or disapproved.

**IV. Solicitation of Comments**

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

*Electronic Comments*

- Use the Commission's internet comment form (*http://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include File Number SR–NYSEArca–2020–18 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–NYSEArca–2020–18. This file number should be included on the subject line if email 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, DC 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. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR–NYSEArca–2020–18, and should be submitted on or before April 3, 2020.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[24]

**J. Matthew DeLesDernier,**

*Assistant Secretary.*

[FR Doc. 2020–05105 Filed 3–12–20; 8:45 am]

BILLING CODE 8011–01–P

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## SECURITIES AND EXCHANGE COMMISSION

### Sunshine Act Meeting; Cancellation

**FEDERAL REGISTER CITATION OF PREVIOUS ANNOUNCEMENT:** 85 FR 13193, March 6, 2020.

**PREVIOUSLY ANNOUNCED TIME AND DATE OF THE MEETING:** Wednesday, March 11, 2020 at 2:00 p.m.

**CHANGES IN THE MEETING:** The Closed Meeting scheduled for Wednesday, March 11, 2020 at 2:00 p.m., has been cancelled.

**CONTACT PERSON FOR MORE INFORMATION:** For further information; please contact Vanessa A. Countryman from the Office of the Secretary at (202) 551–5400.

Dated: March 10, 2020.

**Vanessa A. Countryman,**

*Secretary.*

[FR Doc. 2020–05267 Filed 3–11–20; 11:15 am]

BILLING CODE 8011–01–P

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## SMALL BUSINESS ADMINISTRATION

### Data Collection Available for Public Comments

**ACTION:** 60 Day notice and request for comments.

**SUMMARY:** In accordance with the Paperwork Reduction Act of 1995, this notice announces the Small Business Administration's intentions to request

[19] *See supra* note 7.

[20] Based on OCC data, *supra* note 8, the Exchange's market share in equity-based options was 9.57% for the month of January 2019 and 9.59% for the month of January, 2020.

[21] 15 U.S.C. 78s(b)(3)(A).

[22] 17 CFR 240.19b–4(f)(2).

[23] 15 U.S.C. 78s(b)(2)(B).

[24] 17 CFR 200.30–3(a)(12).