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SECURITIES AND EXCHANGE COMMISSION
[Release No. 34-82904; File No. SR-CboeEDGA-2018-004]

March 20, 2018

Self-Regulatory Organizations; Cboe EDGA Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Expand an Offering Known as Cboe Connect to Provide Connectivity to Single-Dealer Platforms Connected to the Exchange's Network and to Propose a Per Share Executed Fee for Such Service

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 March 14, 2018, Cboe EDGA Exchange, Inc. (the "Exchange" or "EDGA") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange has designated this proposal as a "non-controversial" proposed rule change pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(6)(iii) thereunder,⁴ which renders it effective upon filing with the Commission. 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 filed a proposal to expand an offering known as Cboe Connect to provide connectivity to single-dealer platforms connected to the Exchange's network and to propose a per share executed fee for such service.

The text of the proposed rule change is available at the Exchange's website at

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6)(iii).

www.markets.cboe.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 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 parts of such statements.

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

1. Purpose

Cboe Connect is an optional communication service that provides Members⁵ an additional means to receive market data from and route orders to any destination connected to the Exchange's network.⁶ Cboe Connect is offered by the Exchange on a voluntary basis in a capacity similar to a vendor. The servers of the participant need not be located in the same facilities as the Exchange in order to subscribe to Cboe Connect. Participants may also seek to utilize Cboe Connect in the event of a market disruption where other alternative connection methods become unavailable.

⁵ The term "Member" is defined as "any registered broker or dealer, or any person associated with a registered broker or dealer, that has been admitted to membership in the Exchange. A Member will have the status of a "member" of the Exchange as that term is defined in Section 3(a)(3) of the Act." See Exchange Rule 1.5(n).

⁶ See Exchange Rule 13.9. See also Securities Exchange Act Release Nos. 75112 (June 5, 2015), 80 FR 33316 (June 11, 2015) (SR-EDGA-2015-20) (proposal adopting Cboe Connect (f/k/a Bats Connect); and 34753 (June 11, 2015), 80 FR 34753 (June 17, 2015) (SR-EDGA-2015-24) (proposal adopting fees for Cboe Connect).

Today, market participants are able to send orders directly to broker-dealers that operate single-dealer platforms, where broker-dealers would execute orders received on a principal basis or return the unexecuted order (or portion thereof) back to their customers. To connect to a single-dealer platform, the broker-dealer's customer must purchase connectivity and perform the necessary infrastructure work to be able to send orders to that single-dealer platform. Cboe Connect allows participants to send orders to other exchanges and market centers that are connected to the Exchange's network. Market centers on the Exchange's network include Alternative Trading Systems operated by broker-dealers, but do not currently include single-dealer platforms. The Exchange proposes to expand Cboe Connect to now provide optional connectivity by which market participant may send orders to these single-dealer trading platforms connected to the Exchange's network. The exchange proposes to refer to this connectivity option under Cboe Connect as C-LNK.

Orders routed via Cboe Connect to a single-dealer platform would be treated the same as orders routed today via Cboe Connect to an exchange or market center connected to the Exchange's network. Cboe Connect does not effect trade executions and would not report trades to the relevant Securities Information Processor and the Exchange does not propose to do so for orders sent to single-dealer platforms. An order sent via the service to a single-dealer platform would be handled by the Exchange's affiliated broker-dealer, Cboe Trading, Inc., and bypass the EDGA Book before going to a market center outside of the Exchange (i.e., a participant could choose to route an order directly to any single-dealer platform on the Exchange's network). A participant would be responsible for identifying the single-dealer platform for any orders sent through the service and for ensuring that it had authority to access the selected destination; the Exchange would merely provide the connectivity by which orders (and associated messages)

could be sent by a participant to the single-dealer platform and from the destination back to the participant.

The Exchange notes that Users sending orders to single-dealer platforms via the C-LNK connectivity service would be subject to any transaction related rates applied by the single-dealer platform executing their order.⁷ This is not unique to C-LNK or Cboe Connect as market participants who chose another method to connect to a single-dealer platform would also be required to pay any transaction related fees directly to that single-dealer platform. In addition, market participants who send orders through Cboe Connect are subject to separate per transaction rates (fees/rebates) provided directly by the other exchanges and market centers to which they send their orders for execution.

Today, the Exchange charges a monthly connectivity fee to subscribers utilizing Cboe Connect to route orders to other exchanges and broker-dealers that are connected to the Exchange's network. The amount of the connectivity fee varies based on the bandwidth selected by the subscriber.⁸ Rather than charging a set connectivity fee based on bandwidth, the Exchange proposes to charge a fee of \$0.0002 for each share executed by a single dealer platform for orders routed via Cboe Connect. The Exchange proposes a per share rate, as opposed to a monthly bandwidth related charge, because C-LNK is a new service and the Exchange believes a monthly bandwidth charge may prove a deterrent to attracting usage based on the anticipated preliminary volumes. The Exchange, therefore, believes it is appropriate to

⁷ Like alternative trading systems, single-dealer platforms are operated by broker-dealers and any transaction related rates are presumed to be similarly pre-negotiated between the broker-dealer and their customer.

⁸ Specifically, the Exchange charges \$500 for 1 Mb, \$1,000 for 5 Mb, \$1,250 for 10 Mb, \$1,500 for 25 Mb, \$2,500 for 50 Mb, and \$3,500 for 100 Mb. See the Exchange's fee schedule available at http://markets.cboe.com/us/equities/membership/fee_schedule/edga/.

charge a per share fee at this time so that Users may evaluate the efficacy of C-LNK and the connectivity it provides.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act⁹ in general, and furthers the objectives of Section 6(b)(5) of the Act¹⁰ in particular, in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in 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.

C-LNK removes impediments to and perfects the mechanism of a free and open market and a national market system because it provides users with optional connectivity method by which market participant may send orders to these single-dealer trading platforms. The proposed connectivity would be provided on a voluntary basis and no rule or regulation requires that the Exchange offer it. Nor does any rule or regulation require market participants to send orders to single-dealer platforms generally, let alone through a connection like that proposed herein. The proposed connectivity to single-dealer platforms would operate in the same manner as connectively provided today to other exchanges and market centers via Cboe Connect.

The Exchange believes that the proposed fee is consistent Section 6(b)(4)¹¹ of the Act because it would provide for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities. The Exchange proposes to charge a

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(5).

¹¹ 15 U.S.C. 78f(b)(4).

per share fee for each order sent via C-LNK to a single-dealer platform that is connected to the Exchange's network. The proposed a per share fee is appropriate, as opposed to a monthly bandwidth related charge, because C-LNK is a new service and the Exchange believes a monthly bandwidth charge may prove a deterrent to attracting usage based on the anticipated preliminary volumes. A per share fee is intended to encourage use of C-LNK at a rate that would enable users to evaluate its efficacy and the connectivity it provides. Furthermore, the proposed fee is designed to cover the Exchange's costs related to providing the connectivity and performing the necessary infrastructure work to be able send orders to each single-dealer platform connected to the Exchange's network. The Exchange notes that, like all connectivity provide via Cboe Connect, C-LNK would be an optional service provided on a voluntary basis. Therefore, users may decide to not send orders via C-LNK due to the reasonableness of the fee charged.

(B) Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change is a service that is designed to provide market participants with an alternative connectivity to additional pools of liquidity and is not intended have a competitive impact. Therefore, the Exchange does not believe the proposed rule change will have any effect on competition.

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

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

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

Because the foregoing proposed rule change does not: (i) significantly affect the

protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act¹² and subparagraph (f)(6) of Rule 19b-4 thereunder.¹³

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: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule 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 e-mail to rule-comments@sec.gov. Please include File Number SR-CboeEDGA-2018-004 on the subject line.

¹² 15 U.S.C. 78s(b)(3)(A)(iii).

¹³ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and the text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

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-2018-004. 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, 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-CboeEDGA-2018-004 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTERU].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁴

Eduardo A. Aleman,
Assistant Secretary.

¹⁴ 17 CFR 200.30-3(a)(12).

