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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-82226; File No. SR-NYSEARCA-2017-134]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend the NYSE Arca Options Fees and Charges and the NYSE Arca Equities Fees and Charges to Modify the Fees Related to Four Bundles of Co-location Services in Connection with the Exchange's Co-location Services

December 6, 2017.

Pursuant to Section 19(b)(1)[1] of the Securities Exchange Act of 1934 ("Act")[2] and Rule 19b-4 thereunder,[3] notice is hereby given that, on November 22, 2017, NYSE Arca, Inc. ("Exchange" or "NYSE Arca") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I and II 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 amend the NYSE Arca Options Fees and Charges (the "Options Fee Schedule") and the NYSE Arca Equities Fees and Charges (the "Equities Fee Schedule" and, together with the Options Fee Schedule, the "Fee Schedules") to modify the fees related to four bundles of co-location services ("Partial Cabinet Solution bundles") in connection with the Exchange's co-location services. The Exchange proposes to implement the fee changes

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

2 15 U.S.C. 78a.

3 17 CFR 240.19b-4.

effective January 1, 2018. 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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend the Exchange's Fee Schedules to modify the fees related to Partial Cabinet Solution bundles in connection with the Exchange's co-location services.[4]

The Exchange offers the four Partial Cabinet Solution bundles in order to attract smaller Users, including those with minimal power or cabinet space demands or those for which the costs attendant with having a dedicated cabinet or greater network connection bandwidth are too burdensome.[5]

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4 The Exchange initially filed rule changes relating to its co-location services with the Securities and Exchange Commission ("Commission") in 2010. See Securities Exchange Act Release No. 63275 (November 8, 2010), 75 FR 70048 (November 16, 2010) (SR-NYSEArca-2010-100) (the "Original Co-location Filing"). The Exchange operates a data center in Mahwah, New Jersey (the "data center") from which it provides co-location services to Users.

5 See Securities Exchange Act Release No. 77070 (Feb. 5, 2016), 81 FR 7401 (Feb. 11,

Currently, the Exchange offers Users[6] that purchase a Partial Cabinet Solution bundle on or before December 31, 2017 a 50% reduction in the monthly recurring charges ("MRC") for the first 12 months.[7] The Exchange now proposes to:

- extend the 50% reduction to those Users that purchase a Partial Cabinet Solution bundle on or before December 31, 2018; and
- increase the duration of the reduction from 12 months to 24 months.

The Exchange also proposes that Users that already purchased a Partial Cabinet Solution bundle have the duration of their 50% reduction increased from 12 months to 24 months as well.[8]

The Exchange proposes to implement the fee changes effective January 1, 2018.

Specifically, the Exchange proposes to modify its Fee Schedules so that they read as follows:

Type of Service	**Description**	**Amount of Charge**

2016) (SR-NYSEArca-2015-102).

6 For purposes of the Exchange's co-location services, a "User" means any market participant that requests to receive co-location services directly from the Exchange. See Securities Exchange Act Release No. 76010 (September 29, 2015), 80 FR 60197 (October 5, 2015) (SR–NYSEArca–2015–82). As specified in the Fee Schedules, a User that incurs co-location fees for a particular co-location service pursuant thereto would not be subject to co-location fees for the same co-location service charged by the Exchange's affiliates New York Stock Exchange LLC ("NYSE LLC") and NYSE MKT LLC ("NYSE MKT and, together with NYSE LLC, the "Affiliate SROs"). See Securities Exchange Act Release No. 70173 (August 13, 2013), 78 FR 50459 (August 19, 2013) (SR-NYSEArca-2013-80).

7 See Securities Exchange Act Release No. 79716 (Dec. 30, 2016), 82 FR 1774 (Jan. 6, 2017) (SR-NYSEArca-2016-168).

8 For each User that is currently benefitting from the 50% reduction, the additional 12 month period with the reduced price would begin when its current 12-month period ended. For each User whose 12-month period with the reduced price has ended, the additional 12-month period would begin upon the implementation of the proposed fee changes.

Partial Cabinet Solution bundles Note: A User and its Affiliates are limited to one Partial Cabinet Solution bundle at a time. A User and its Affiliates must have an Aggregate Cabinet Footprint of 2 kW or less to qualify for a Partial Cabinet Solution bundle. See Note 2 under "General Notes."	Option A: 1 kW partial cabinet, 1 LCN connection (1 Gb), 1 IP network connection (1 Gb), 2 fiber cross connections and either the Network Time Protocol Feed or Precision Timing Protocol	$7,500 initial charge per bundle plus monthly charge per bundle as follows: • For Users that order on or before December 31, 2018: $3,000 monthly for first 24 months of service, and $6,000 monthly thereafter • For Users that order after December 31, 2018: $6,000 monthly
	Option B: 2 kW partial cabinet, 1 LCN connection (1 Gb), 1 IP network connection (1 Gb), 2 fiber cross connections and either the Network Time Protocol Feed or Precision Timing Protocol	$7,500 initial charge per bundle plus monthly charge per bundle as follows: • For Users that order on or before December 31, 2018: $3,500 monthly for first 24 months of service, and $7,000 monthly thereafter • For Users that order after December 31, 2018: $7,000 monthly

	Option C: 1 kW partial cabinet, 1 LCN connection (10 Gb), 1 IP network connection (10 Gb), 2 fiber cross connections and either the Network Time Protocol Feed or Precision Timing Protocol	$10,000 initial charge per bundle plus monthly charge per bundle as follows: • For Users that order on or before December 31, 2018: $7,000 monthly for first 24 months of service, and $14,000 monthly thereafter • For Users that order after December 31, 2018: $14,000 monthly
	Option D: 2 kW partial cabinet, 1 LCN connection (10 Gb), 1 IP network connection (10 Gb), 2 fiber cross connections and either the Network Time Protocol Feed or Precision Timing Protocol	$10,000 initial charge per bundle plus monthly charge per bundle as follows: • For Users that order on or before December 31, 2018: $7,500 monthly for first 24 months of service, and $15,000 monthly thereafter • For Users that order after December 31, 2018: $15,000 monthly

The Exchange is not proposing any other changes to the Partial Cabinet Solution bundles.[9]

[9] The Commission notes that previous filings stated that Users that purchase a Partial Cabinet Solution bundle would be subject to a 90-day minimum commitment, after which period they are subject to a 60-day rolling time period. The Exchange has represented to Commission staff that these provisions have not changed.

As is the case with all Exchange co-location arrangements, (i) neither a User nor any of the User's customers would be permitted to submit orders directly to the Exchange unless such User or customer is a member organization, a Sponsored Participant or an agent thereof (e.g., a service bureau providing order entry services); (ii) use of the co-location services proposed herein would be completely voluntary and available to all Users on a non-discriminatory basis;[10] and (iii) a User would only incur one charge for the particular co-location service described herein, regardless of whether the User connects only to the Exchange or to the Exchange and one or both of its affiliates.[11]

2. Statutory Basis

The Exchange believes that the proposed rule changes are consistent with Section 6(b) of the Act,[12] in general, and furthers the objectives of Sections 6(b)(5) of the Act,[13] in particular, because it is 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 mechanisms of, a free and open market

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10 As is currently the case, Users that receive co-location services from the Exchange will not receive any means of access to the Exchange's trading and execution systems that is separate from, or superior to, that of other Users. In this regard, all orders sent to the Exchange enter the Exchange's trading and execution systems through the same order gateway, regardless of whether the sender is co-located in the data center or not. In addition, co-located Users do not receive any market data or data service product that is not available to all Users, although Users that receive co-location services normally would expect reduced latencies in sending orders to, and receiving market data from, the Exchange.

11 See SR-NYSEArca-2013-80, supra note 6, at 50459. The Exchange's affiliates have also submitted substantially the same proposed rule change to propose the changes described herein. See SR-NYSE-2017-62 and SR-NYSEAMER-2017-35.

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

13 15 U.S.C. 78f(b)(5).

and a national market system and, in general, to protect investors and the public interest and because it is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that the proposed rule changes provide for the equitable allocation of reasonable dues, fees, and other charges among its members, issuers and other persons using its facilities, and are not designed to permit unfair discrimination between customers, issuers, brokers, or dealers, because the Exchange proposes to offer the 50% reduction in the MRC, and the increase in the duration of the reduction from 12 months to 24 months, to all Users equally. As is currently the case, the purchase of any colocation service (including Partial Cabinet Solution bundles) is completely voluntary. All Users that order a bundle on or before December 31, 2018 would have their MRC reduced by 50% for the first 24 months.

The Exchange believes that extending the 50% reduction in the MRC for Partial Cabinet Solution bundles, and increasing the duration of the reduction, is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers because the Partial Cabinet Solution bundles would continue to offer four different Partial Cabinet Solution bundles with options with respect to cabinet footprint and network connections. Users that require other sizes or combinations of cabinets, network connections and cross connects could still request them.

In addition, the Exchange believes that its proposal would remove impediments to, and perfects the mechanisms of, a free and open market and a national market system and, in general, protects investors and the public interest because the proposed extension of the 50% reduction in MRC and the proposed increase in the duration of the reduction would continue to make it more cost effective for Users to utilize co-location by creating a convenient way to create a colocation environment, through four Partial Cabinet Solution bundles with options with respect to cabinet

footprint and network connections. The Exchange expects that such Users would include those with minimal power or cabinet space demands and Users for which the costs attendant with having a dedicated cabinet or greater network connection bandwidth are too burdensome.

The Exchange believes that the proposed change to have Users that already purchased a Partial Cabinet Solution bundle have the duration of their 50% reduction increased from 12 months to 24 months is 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 mechanisms of, a free and open market and a national market system and, in general, to protect investors and the public interest and because it is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers, because it would ensure that all Users that purchase a Partial Cabinet Solution bundle prior to December 31, 2018 benefit from the 50% reduction for a total of 24 months.

The Exchange also believes that the proposed rule changes are consistent with Section 6(b)(4) of the Act,[14] 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 Exchange believes that it is reasonable that Users that order a Partial Cabinet Solution bundle on or before December 31, 2018 would have their MRC reduced by 50% for the first 24 months because it is reasonable to continue to offer such reduction as an incentive to Users to utilize the service, including both new and past Users of bundles. As noted above, the

[14] 15 U.S.C. 78f(b)(4).

Exchange anticipates that Users of the Partial Cabinet Solution bundles would include those with minimum power or cabinet space demands and Users for which the costs attendant with having a dedicated cabinet or greater network connection bandwidth are too burdensome.

For the reasons above, the proposed changes do not unfairly discriminate between or among market participants that are otherwise capable of satisfying any applicable co-location fees, requirements, terms and conditions established from time to time by the Exchange.

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.

For these reasons, the Exchange believes that the proposal is consistent with the Act.

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

In accordance with Section 6(b)(8) of the Act,[15] the Exchange believes that the proposed rule changes will not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act because, in addition to the proposed services being completely voluntary, they are available to all Users on an equal basis (i.e. the same products and services are available to all Users, and the extension of the 50% reduction for the MRC for the Partial Cabinet Solution bundles, and the increased duration of the reduction, would apply to all Users).

The Exchange believes that extending the 50% reduction in the MRC and increasing the duration of the reduction will not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act because such access will continue to satisfy User demand for cost effective options for smaller Users that choose to utilize co-location. All Users that order a bundle on or before December 31, 2018 would have their MRC reduced by

[15] 15 U.S.C. 78f(b)(8).

50% for the first 24 months. The Exchange believes that the proposed change to have Users that already purchased a Partial Cabinet Solution bundle have the duration of their 50% reduction increased from 12 months to 24 months would ensure that all Users that purchase a Partial Cabinet Solution bundle prior to December 31, 2018 benefit from the 50% reduction for a total of 24 months.

The proposed changes will also enhance competition by making it more cost effective for Users that purchase a Partial Cabinet Solution bundle to utilize co-location by creating a convenient way to create a colocation environment, through Partial Cabinet Solution bundles with options with respect to cabinet footprint and network connections at a reduced MRC for the first 24 months. Such Users may choose to pass on such cost savings to their customers.

The Exchange operates in a highly competitive market in which exchanges offer co-location services as a means to facilitate the trading and other market activities of those market participants who believe that co-location enhances the efficiency of their operations. Accordingly, fees charged for co-location services are constrained by the active competition for the order flow of, and other business from, such market participants. If a particular exchange charges excessive fees for co-location services, affected market participants will opt to terminate their co-location arrangements with that exchange, and adopt a possible range of alternative strategies, including placing their servers in a physically proximate location outside the exchange's data center (which could be a competing exchange), or pursuing strategies less dependent upon the lower exchange-to-participant latency associated with co-location. Accordingly, the exchange charging excessive fees would stand to lose not only co-location revenues but also the liquidity of the formerly co-located trading firms, which could have additional follow-on effects on the market share and revenue of the affected exchange. In such

an environment, the Exchange must continually review, and consider adjusting, its services and related fees and credits to remain competitive with other exchanges.

For the reasons described above, the Exchange believes that the proposed rule changes reflect this competitive environment.

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 has become effective pursuant to Section 19(b)(3)(A)[16] of the Act and subparagraph (f)(2) of Rule 19b-4[17] thereunder. 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)[18] 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:

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16 15 U.S.C. 78s(b)(3)(A).

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

18 15 U.S.C. 78s(b)(2)(B).

- 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-NYSEARCA-2017-134 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-2017-134. 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-NYSEARCA-2017-134 and should be submitted on or before **[INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[19]

Eduardo A. Aleman,

Assistant Secretary.

[19] 17 CFR 200.30-3(a)(12).

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