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SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-82937; File No. SR-CTA/CQ-2018-01)

Consolidated Tape Association; Notice of Filing and Immediate Effectiveness of the Twenty-Third Charges Amendment to the Second Restatement of the CTA Plan and the Fourteenth Charges Amendment to the Restated CQ Plan.

March 23, 2018

Pursuant to Section 11A of the Securities Exchange Act of 1934 ("Act"),[1] and Rule 608 thereunder,[2] notice is hereby given that on March 5, 2018,[3] the Consolidated Tape Association ("CTA") Plan participants ("Participants")[4] filed with the Securities and Exchange Commission ("Commission") a proposal to amend the Second Restatement of the CTA Plan and the Restated Consolidated Quotation ("CQ") Plan ("Plans").[5] The amendment represents the twenty-third Charges Amendment to the CTA Plan and the fourteenth Charges Amendment to the CQ Plan

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1 15 U.S.C. 78k-1.

2 17 CFR 242.608.

3 See Letter from Emily Kasparov to Brent J. Fields, Secretary, Securities and Exchange Commission, dated March 1, 2018.

4 The Participants are: Cboe BYX Exchange, Inc.; Cboe BZX Exchange, Inc.; Cboe EDGA Exchange, Inc.; Cboe EDGX Exchange, Inc.; Cboe Exchange, Inc.; Chicago Stock Exchange, Inc.; Financial Industry Regulatory Authority, Inc.; Investors Exchange LLC; Nasdaq BX, Inc.; Nasdaq ISE, LLC; Nasdaq PHLX LLC; The Nasdaq Stock Market LLC; New York Stock Exchange LLC; NYSE Arca, Inc.; NYSE American LLC; and NYSE National, Inc. (collectively, the "Participants").

5 See Securities Exchange Act Release Nos. 10787 (May 10, 1974), 39 FR 17799 (May 20, 1974) (declaring the CTA Plan effective); 15009 (July 28, 1978), 43 FR 34851 (August 7, 1978) (temporarily authorizing the CQ Plan); and 16518 (January 22, 1980), 45 FR 6521 (January 28, 1980) (permanently authorizing the CQ Plan). The most recent restatement of both Plans was in 1995. The CTA Plan, pursuant to which markets collect and disseminate last sale price information for non-NASDAQ listed securities, is a "transaction reporting plan" under Rule 601 under the Act, 17 CFR 242.601, and a "national market system plan" under Rule 608 under the Act, 17 CFR 242.608. The CQ Plan, pursuant to which markets collect and disseminate bid/ask quotation information for listed securities, is a national market system plan.

("Amendments"). The Amendments seek to amend the text of the Plans' fee schedule to adopt changes to the Broker-Dealer Enterprise Maximum Monthly Charge ("Enterprise Cap") and Per-Quote-Packet Charges.

The Participants are proposing to increase the Enterprise Cap from $686,400 to $1,260,000 for Network A and from $520,000 to $680,000 for Network B. The Participants state that the Enterprise Cap was established to provide incentives to entities to make market data available to large Nonprofessional Subscriber bases. Due to what they describe as ongoing industry consolidation, however, the Participants are proposing to increase the Enterprise Cap in order to account for the sudden and substantial increase of Nonprofessional Subscribers at entities using the Enterprise Cap.

To make the increase of the Enterprise Cap revenue neutral (from an overall Plan perspective) and fee neutral (from an individual entity[6] perspective), the Participants are proposing to decrease the Per-Quote-Packet Charges for those broker-dealers with 500,000 or more Nonprofessional Subscribers. According to the Participants, the increase in fees as a result of the increase of the Enterprise Cap will be offset by a decrease in Per-Quote-Packet Charges for those entities that would be most likely affected by the raising of the cap, i.e., those with a large Nonprofessional Subscriber base.

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[6] As described below, the Plan does not require an entity that is registered as a broker-dealer under the Act to pay more than the Enterprise Cap for any month for the aggregate amount of (a) a network's Device charges for devices used for its Internal Distribution plus (b) that network's Device and Per-Quote-Packet charges payable in respect of services that it provides to Nonprofessional Subscribers that are brokerage account customers of the broker-dealer.

Pursuant to Rule 608(b)(3) under Regulation NMS,[7] the Participants designate the amendment as establishing or changing a fee or other charge collected on their behalf in connection with access to, or use of, the facilities contemplated by the Plans. As a result, the amendment is effective upon filing with the Commission.

The Commission is publishing this notice to solicit comments from interested persons on the proposed Amendments. Set forth in Sections I and II is the statement of the purpose and summary of the Amendments, along with the information required by Rules 608(a) and 601(a) under the Act, prepared and submitted by the Participants to the Commission.

I. Rule 608(a)

A. Purpose of the Amendments

1. Background

Broker-Dealer Enterprise Maximum Monthly Charge

The Plans require an entity that is registered as a broker-dealer under the Act to pay no more than the Enterprise Cap for any month for the aggregate amount of (a) a network's Device charges for devices used for its Internal Distribution plus (b) that network's Device and Per-Quote-Packet charges payable in respect of services that it provides to Nonprofessional Subscribers that are brokerage account customers of the broker-dealer. In 2013, the Participants set the amount of the Enterprise Cap to $686,400 for Network A and $520,000 for Network B.[8]

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[7] 17 CFR 242.608(b)(3)(i).

[8] See Securities Exchange Act Release No. 70010 (Jul. 19, 2013), 78 FR 44984 (Jul. 25, 2013) ("2013 Filing").

In the 2013 Filing, the Participants changed the mechanism for increasing the Enterprise Cap. The Enterprise Cap was previously increased based on the percentage increase in the annual composite share volume for the preceding calendar year, subject to an annual maximum increase of five percent. In 2013, the Participants permitted such annual increases in the monthly Enterprise Cap as to which they agreed by a majority vote, subject to a maximum increase in any calendar year of four percent. At that time, the Participants believed that this provision permitted an annual increase by a two-thirds vote of the Participants without requiring a corresponding rule filing with the Securities and Exchange Commission. Nevertheless, the Participants have not increased the Enterprise Cap since this change was adopted in 2013.[9] This filing proposes to remove that provision.

Per Quote Packet Charges

As an alternative to monthly Professional Subscriber and Nonprofessional Subscriber fees, a vendor may respond to end-user queries for quote and trade information and pay a fee for each such response. The Participants first established the Per-Quote-Packet Charges in 1991 as a pilot at $0.005 per query.[10] In 1999, a pilot implementing a three-tiered rate structure was introduced, which was eventually replaced with a one-tier rate at $0.005 per query.[11] In 2014,

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9 As described below, the Participants believe that this provision should be deleted and that any changes to the Enterprise Cap should be submitted to the Commission for review and public comment.

10 See Securities Exchange Act Release No. 39235 (Oct. 14, 1997), 62 FR 54886 (Oct. 22, 1997).

11 See Securities Exchange Act Release No. 41977 (Oct. 5, 1999), 64 FR 55503 (Oct. 13, 1999).

the Participants increased the fee to $0.0075 per query to offset the revenue loss resulting from decreases in the Professional Subscriber device fee.[12]

2. Amendment to Enterprise Cap

The Participants are proposing to increase the Enterprise Cap from $686,400 to $1,260,000 for Network A and from $520,000 to $680,000 for Network B. As a result of industry consolidation, the Nonprofessional Subscriber base for entities subject to the cap may suddenly increase, and where before two entities may have slightly benefited from the Enterprise Cap, a combined entity could find a substantial decrease in fees by using the Enterprise Cap. Consequently, the increase of the Enterprise Cap is designed to maintain the status quo and should not, in conjunction with the Per-Quote-Packet Charges change described below, result in an increase of revenue to the Plans or fees for any particular entity.[13]

Additionally, the Participants are proposing to remove a provision related to an annual increase of the Enterprise Cap after a two-thirds vote of the Participants. In the 2013 Filing, the Participants amended the mechanism by which the Enterprise Cap would increase, from an automatic increase based on volume to an affirmative vote requirement by the Participants.

Since 2013, the Enterprise Cap has not been increased using this mechanism, and the Participants believe that any future changes to the Enterprise Cap should be submitted via a filing with the Securities and Exchange Commission and subject to public comment. Consequently, the Participants are proposing to delete this particular provision.

3. Per-Quote-Packet Charges Change to Remain Revenue Neutral

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[12] See Securities Exchange Act Release No. 73278 (Oct. 1, 2014), 79 FR 60536 (Oct. 7, 2014).

[13] The Participants note that a very small number of entities take advantage of the Enterprise Cap.

Because of the increase in the Enterprise Cap, there could be broker-dealers looking to use the Enterprise Cap that, without a corresponding offset, could face an increase in fees. To offset a potential fee increase, the Participants are proposing a decrease in the Per-Quote-Packet Charges where a broker-dealer has 500,000 or more Nonprofessional Subscribers. For such entities, the Per-Quote-Packet Charges would be decreased from $.0075 to $.0025. By implementing a tiered structure for Per-Quote-Packet Charges, the proposal is designed to provide an offset to those firms most likely affected by the Enterprise Cap increase (i.e., those with a large Nonprofessional Subscriber base).

Additionally, the proposal will align Network A and Network B with a similar tiered structure being proposed for Network C.

B. Governing or Constituent Documents

Not applicable.

C. Implementation of the Amendments

Pursuant to Rule 608(b)(3)(i) under Regulation NMS, the Participants have designated the proposed amendment as establishing or changing fees and are submitting the amendment for immediate effectiveness.

D. Development and Implementation Phases

See Item C above.

E. Analysis of Impact on Competition

The proposed amendments do not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed increase in the Enterprise Cap is designed to account for industry consolidation.

Without this adjustment, the Plans' revenue will suddenly decrease due to a broker-dealer increasing its Nonprofessional Subscriber base through a merger with another broker-dealer. As detailed further below, while the Enterprise Cap is being increased, the Plans' revenue and fees collected from affected entities will be maintained at their current levels. Any potential fee increase for broker-dealers taking advantage of the Enterprise Cap will be offset by a decrease in the Per-Quote-Packet Charges for broker-dealers with large Nonprofessional Subscriber bases. The combination of the Enterprise Cap increase and the Per-Quote-Packet Charges decrease will ensure that the fee changes proposed herein remain revenue neutral.

The Participants therefore believe that the proposed fee changes are carefully calibrated to maintain the status quo and, as a result, do not impose any burden on competition that is not necessary or appropriate.

F. Written Understanding or Agreements relating to Interpretation of, or Participation in, Plan

Not applicable.

G. Approval by Sponsors in Accordance with Plan

Section XII (b)(iii) of the CTA Plan provides that "[a]ny addition of any charge to . . . the charges set forth in Exhibit E . . . shall be effected by an amendment to this CTA Plan . . . that is approved by affirmative vote of not less than two-thirds of all of the then voting members of CTA. Any such amendment shall be executed on behalf of each Participant that appointed a voting member of CTA who approves such amendment and shall be filed with the SEC." Further, Section IX(b)(iii) of the CQ Plan provides that "additions, deletions, or modifications to any charges under this CQ Plan shall be effected by an amendment . . . that is approved by affirmative vote of two-thirds of all the members of the Operating Committee."

The Participants have executed this Amendment and represent not less than two-thirds of all of the parties to the Plans. That satisfies the Plans' Participant-approval requirements

H. Description of Operation of Facility Contemplated by the Proposed Amendments

Not applicable.

I. Terms and Conditions of Access

Not applicable.

J. Method of Determination and Imposition, and Amount of, Fees and Charges

The Participants are proposing to increase the Enterprise Cap by an amount to ensure that industry consolidation would not result in a sudden decrease in Plan revenue, thereby avoiding any single entity from getting a disproportionate benefit from the Enterprise Cap. The Participants propose to decrease the Per-Quote-Packet Charges for broker-dealers with a large Nonprofessional Subscriber base. The amount of the proposed decrease is specifically tailored to ensure that the increase in fees as a result of raising the Enterprise Cap would be offset and that the proposed amendment would remain revenue neutral.

Because the Participants have data showing the current benefit of the Enterprise Cap and the number of queries of those potentially affected by the change in the Enterprise Cap, the Participants were able to calibrate the Per-Quote-Packet Charges in order to make the changes proposed herein revenue neutral. As previously stated, the proposed change will not only maintain the status quo on an overall Plan revenue basis, but also maintain the status quo with respect to the fees charged to individual entities.

The proposed fee changes were distributed to and discussed with members of the Plans' Advisory Committee, and were discussed and voted on during the General Session of the Operating Committee in the presence of the Advisory Committee.

K. Method and Frequency of Processor Evaluation

Not applicable.

L. Dispute Resolution

Not applicable.

II. Rule 601(a)

A. Equity Securities for which Transaction Reports Shall be Required by the Plan

Not applicable.

B. Reporting Requirements

Not applicable.

C. Manner of Collecting, Processing, Sequencing, Making Available and Disseminating Last Sale Information

Not applicable.

D. Manner of Consolidation

Not applicable.

E. Standards and Methods Ensuring Promptness, Accuracy and Completeness of Transaction Reports

Not applicable.

F. Rules and Procedures Addressed to Fraudulent or Manipulative Dissemination

Not applicable.

G. Terms of Access to Transaction Reports

Not applicable.

H. Identification of Marketplace of Execution

Not applicable.

III. Solicitation of Comments

The Commission seeks comment on the Amendments. In particular, the Commission seeks comment on the following: 1) is the anticipated impact on revenue to the Plans consistent with the Participants' representations; 2) is the anticipated impact on costs to consumers of market data, including broker-dealers and their non-professional customers, consistent with the Participants' representations; 3) is there supporting data to illustrate that the proposed changes are "revenue neutral" as asserted by the Participants; 4) could the fee changes have a disproportionate impact on particular data recipients; 5) what, if any, supporting data could inform whether the changes would maintain the status quo and therefore do not impose any burden on competition that is not necessary or appropriate as asserted by the Participants; and 6) whether the impact of potential industry consolidation on the revenue of the Plans is consistent with the representations of the Participants? Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed Amendments are 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-CTA/CQ-2018-01 on the subject line.

Paper comments:

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-CTA/CQ-2018-01. 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 Amendments that are filed with the Commission, and all written communications relating to the Amendments 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 on official business days between the hours of 10:00 am and 3:00 pm. Copies of the Amendments also will be available for inspection and copying at the principal office of the CTA.

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-CTA/CQ-2018-01 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

By the Commission.

Brent J. Fields
Secretary

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