

**Date:** May 1, 2020

**Audience:** NYSE Arca Traders

**Subject:** NYSE Arca - Ratio Threshold Fees

Subject to effectiveness of a filing with the SEC, NYSE Arca intends to introduce Ratio Threshold Fees beginning May 1, 2020.

NYSE Arca proposes to institute Ratio Threshold Fees, which would be applied to orders ranked Priority 2 - Display Orders and to shares of Auction-Only Orders that have a disproportionate ratio of orders that are not executed.

### **RATIO THRESHOLD FEES**

#### *Ratio Threshold for Priority 2 - Display Orders ("RT - Display Fee")*

For orders ranked Priority 2 - Display Orders, ETP Holders are charged an RT - Display Fee on a monthly basis. For purposes of determining the RT - Display Fee:

- The "Weighted Order Total" is the total number of orders ranked Priority 2 - Display Orders entered by that ETP Holder in a month, as adjusted by a "Weighting Factor." The Weighted Order Total calculation excludes (i) all orders in securities in which an ETP Holder is registered as a Market Maker or Lead Market Maker and (ii) all orders for an ETP Holder that is registered as a Market Maker or Lead Market Maker in 100 or more securities.
- The "Weighting Factor" applied to each order based on its price in comparison to the national best bid or best offer ("NBBO") at the time of order entry is:

Order's Price versus NBBO at Entry	Weighting Factor
Less than 0.20% away	0x
0.20% to 0.99% away	1x
1.00% to 1.99% away	2x
2.00% or more away	3x

For example, an order more than 2.0% away from the NBBO would be equivalent to three orders. Due to the applicable Weighting Factor of 0x, orders entered less than 0.20% away from the NBBO would not be included in the Weighted Order Total, but would be included in the "executed" orders component of the Order Entry Ratio if they execute in full or part.

- The "Order Entry Ratio" is calculated by dividing the ETP Holder's Weighted Order Total by the greater of (i) the number of orders ranked Priority 2 - Display Orders that execute in full or in part, or (ii) the number one (1).
- "Excess Weighted Orders" are calculated by subtracting (i) the Weighted Order Total that would result in the ETP Holder having an Order Entry Ratio of 100 from (ii) the ETP Holder's actual Weighted Order Total.

An ETP Holder with a daily average Weighted Order Total of 100,000 or more during a month will be charged the RT - Display Fee, which is calculated by multiplying the Applicable Rate in the chart below by the number of Excess Weighted Orders.

Order Entry Ratio	Applicable Rate
0-100	\$0.00
101 - 1,000	\$0.005
More than 1,000	\$0.01

Ratio Threshold for Auction-Only Orders During the Period When Auction Imbalance Information is Being Disseminated for a Core Open Auction or Closing Auction (“RT - Auction Fee”)

For Auction-Only Orders, ETP Holders with an average daily number of orders of 10,000 or more are charged an RT - Auction Fee on a monthly basis, as described below:

- The number of “Ratio Shares” is the average daily number of shares of Auction-Only Orders that are cancelled by the ETP Holder at a disproportionate ratio to the average daily number of shares executed by that ETP Holder. Orders ranked Priority 2 - Display Orders designated for the Core Trading Session only that are entered during the period when Auction Imbalance Information for the Core Open Auction is being disseminated are included in the Ratio Shares calculation. All orders entered by an ETP Holder for securities in which it is registered as a Lead Market Maker are not included the calculation of Ratio Shares.
- The “Ratio Shares Threshold” is an ETP Holder’s Ratio Shares divided by the average daily executed shares by the ETP Holder.

A Ratio Shares Threshold less than 50	No Charge
A Ratio Shares Threshold greater than or equal to 50	<p>ETP Holders with an average of fewer than 20 million Ratio Shares per day:</p> <ul style="list-style-type: none"> <li>• No Charge</li> </ul> <p>ETP Holders with an average of 20 million to 200 million Ratio Shares per day:</p> <ul style="list-style-type: none"> <li>• \$1.00 per million Ratio Shares</li> </ul> <p>ETP Holders with an average of more than 200 million Ratio Shares per day:</p> <ul style="list-style-type: none"> <li>• \$10.00 per million Ratio Share</li> </ul>

The combined RT - Display Fee and RT - Auction Fee for an ETP Holder is capped at \$2,000,000 per month.

NYSE Trading Operations	Relationship Management	Technology Member Services	Client Relationship Services
<a href="mailto:trading@nyse.com">trading@nyse.com</a>	<a href="mailto:RMTeam@nyse.com">RMTeam@nyse.com</a>	<a href="mailto:tms@nyse.com">tms@nyse.com</a>	<a href="mailto:CRS@nyse.com">CRS@nyse.com</a>
212-896-2830 x1	855-898-9012	212-896-2830 x2	212-896-2830 x4