

SUMMARY OF CQ/CTA/UTP GENERAL SESSION OF SEPTEMBER 5, 2019*

Operating Committee Participants: *Present:* Cboe BYX Exchange, Inc., Cboe BZX Exchange, Inc., Cboe EDGA Exchange, Inc., Cboe EDGX Exchange, Inc., Cboe Exchange, Inc., Financial Industry Regulatory Authority, Inc., Investors Exchange LLC, Nasdaq BX, Inc., Nasdaq ISE, LLC, Nasdaq PHLX, Inc., The Nasdaq Stock Market LLC, New York Stock Exchange LLC, NYSE American LLC, NYSE Arca, Inc., NYSE Chicago, Inc., and NYSE National, Inc.

Advisory Committee Members: *Present:* Retail Representative (Matt Billings (TD Ameritrade), Chris Nielsen (Charles Schwab)); Investor Representative (Thomas Jordan, Jordan & Jordan); ATS Representative (Ed Flynn, Morgan Stanley); Vendor Representative (Kerry Baker Relf (Refinitiv)); Participant Representatives Wesley Todd Watkins (E*Trade), and Patti Sachs (Citigroup)). *Via Telephone:* Participant Representatives Melissa Hinmon (Glenmede), and Hubert De Jesus (Blackrock)

Security Information Processors (SIPs): *Present:* Brian Faughnan, Mike Collazo (SIAC); Rob Vilaro, Mike O'Rourke, Joel Kazis (UTP); *Via Telephone:* Joe Gostomski, William Gutierrez (SIAC); Ani Sathe, George Friend (UTP)

Securities & Exchange Commission (SEC): *Present:* Meg Olsen; *Via Telephone:* Michael Coe, Mark Donohue, and Mia Zur

Murphy & McGonigle, P.C.: *Present:* Howard Kramer, James Dombach, and Meghan Carey

Observer: *Present:* Long-Term Stock Exchange

Proceedings:

1. **Network Administrator Reports.** The network administrators reviewed changes in professional devices, nonprofessional subscriber populations, and cable television households, and the number of per-query inquiries provided during the quarter. These trends are available in the quarterly metrics reports, which are publicly available on the UTP Plan and CTA Plan websites.
2. **Update on August 12 CTA Issues.** The meeting participants discussed the issues involving disruption in the publication of CQS and CTS data on August 12 of this year (the "August 12 CTA Issues"). Information regarding the incident, including the trade/cancel file, is available on the CTA Plan's website. Mr. Faughnan stated that a substantial update or final report would be provided in the next week, and Mr. Faughnan noted that the final report would include an assessment of potential future remediations and the reliability of redundancies and connections to back-up systems. The Participants also discussed the potential impact of this incident on monthly execution reports by market centers under Rule 605.
3. **SIP Incident Communications Protocol.** The meeting participants discussed the proposed communications protocol to be used during a SIP incident such as the August 12 CTA Issues.

4. NYSE SIP Reform. The meeting participants discussed the NYSE proposal (available at <https://www.nyse.com/equities-insights#20190822>) to enhance the SIP that addresses the needs of different SIP consumers. The NYSE proposal would result in three new levels of SIP feeds (SIP Essential, SIP Classic, and SIP Premium), which data users could purchase depending upon their specific needs. IEX and Mr. De Jesus discussed whether the proposal should address latency issues. NYSE noted that its proposal was product-focused rather than including potential latency issues and would alleviate the administrative burden associated with distinguishing professional users from non-professional users. Participants discussed the importance of providing alternative products that meet the specific needs of various market participants. Participants discussed whether to place the proposal in the Market Data Subcommittee. The Participants also discussed Nasdaq's TotalMarkets proposal. Members of the Advisory Committee advised that they would review both the NYSE and Nasdaq proposals and return to the Operating Committee with a recommendation of elements of each proposal that they support.

5. SIP Operating Committee Priorities. Nasdaq presented a proposal regarding setting Operating Committee priorities. The meeting participants discussed the classification of projects managed by the Operating Committee that they categorized as "high priority," "medium priority," and "low priority." The Participants agreed that the chairs of the various subcommittees would work with their subcommittees to set their priorities and report those to the Operating Committee.

6. CTA and UTP Prints During Halts. Mr. Dombach led a discussion of the status of draft amendments to the CTA Plan and the UTP Plan concerning the treatment of prints during trading halts (aligning the UTP and CTA Plans in the handling of orders received by the processors after the declaration of a regulatory halt). He stated that the amendments would be submitted to the SEC in the near future.

7. SEC Update on Trading Halt Amendments. Mr. Kramer asked the SEC for the status of the regulatory halt amendments submitted to the SEC by the individual Exchanges and the Operating Committee. Mr. Donohue responded that he would like input from the Exchanges on the impact of the August 12 CTA Issues on the proposed amendments. NYSE requested that the SEC include all exchanges in substantive discussions regarding the proposed amendments.

8. Conflicts of Interest Amendment. Mr. Kramer asked the SEC for the status of the conflicts of interest amendments submitted to the SEC by the Operating Committee in early July. Mr. Coe indicated that the Division of Trading and Markets does not have delegated authority to issue a notice of Plan amendments and that he was waiting on the Commission to approve issuance of a notice. The Participants discussed potential ways to improve the amendment process.

9. Transparency for Advisory Committee. IEX discussed its proposal that additional information be provided to members of the Advisory Committee in the nature of Plan-related financial information, including audited financial information and data on incoming funds to the Plans and use of funds by the Plans. The Participants agreed that this should be done

once a confidentiality policy binding on all Participants and the Advisory Committee was submitted to and approved by the SEC.

10. Transparency of Board Minutes. IEX discussed its proposal that additional information be provided in the public summaries of the Operating Committee quarterly sessions. IEX presented a revised public summary from the last quarterly session as an example. The Participants agreed to the proposed expansion of public summaries going forward and that counsel would circulate a draft summary for comment by Participants and the Advisory Committee after each meeting.

11. Odd Lot Task Force. CBOE presented a proposal to disseminate certain consolidated odd lot quotation data as ancillary information on the SIP data feeds. The Participants discussed whether the inclusion of odd lot quotation data would affect the NBBO, and concluded that it would not. The Participants discussed posting the proposal on the Plans' websites and soliciting feedback from market participants. The Participants unanimously agreed to publish the proposal on their websites for public comment, and agreed that the Plan Administrators would be responsible for receiving and posting comments to the Plans' websites.

12. Subcommittee and Task Force Updates. The meeting participants received updates from subcommittees on various issues, including the following topics:

- Distributed SIP Subcommittee: The subcommittee chair reported that after looking closely at the user base that would potentially benefit from a distributed SIP system and technology required to implement it, the subcommittee had concluded that there was not an adequate use case to justify the costs of creating such a system at this time. The subcommittee is currently studying the possibility of consolidating the SIP processors, and the regulatory steps that would be involved. Participants also discussed whether additional initiatives to reduce latency on the SIP feeds should be handled by the Distributed SIP Subcommittee or the SIP Systems Subcommittee.
- SIP Systems Subcommittee: The subcommittee chair reported on the subcommittee's recent achievements, including (i) the publishing of realized latency charts on the Plans' websites, (ii) upcoming refinements to the market-wide circuit breaker rules to clarify questions about the Day 2 restart, (iii) updating the Exchanges' procedures for market-wide circuit breaker reopenings on the Plan's websites, and (iv) recent market-wide circuit breaker testing. The subcommittee continues to investigate the risks and benefits of transitioning to a multicast transmission system for the SIPs.
- Market Data Administration Subcommittee: The subcommittee chair reported that the subcommittee's top priority was to continue considering potential solutions to the administrative burdens of the current "pro/non-pro" definitions, including Nasdaq's TotalMarkets proposal and NYSE's proposal to create three levels of SIP feeds with three different levels of content. The chair also reported that the subcommittee is looking at (i) revisions to the Plans' rules regarding

simultaneous login of users from multiple screens, (ii) ways to potentially harmonize the policies and practices of the two administrators, CTA and UTP, and (iii) issues relating to the inclusion of FINRA OTC Equities data on the UTP feed.

- Communications Subcommittee: The subcommittee chair led the meeting participants in a discussion of potential ways to let the public know about the Operating Committee's progress on the various points listed above, potentially through press releases or newsletters.
- CTA Processor Agreement Review Committee: The subcommittee chair reported on a recent meeting about potentially revising the CTA SLAs to make them similar to the current UTP SLAs.
- Governance Subcommittee: The subcommittee chair reported on the group's recent work to finalize a confidentiality policy that would apply to Advisors and Participants, which would permit the Operating Committee to share with the Advisors certain financial information about the Plan and anonymized information about the Administrators' audits of SIP customers. The Participants voted to approve the confidentiality policy and directed Murphy & McGonigle to begin preparing Plan amendments to be submitted to the SEC to formally add the policy to the CTA Plan and UTP Plan. The subcommittee chair also reported on the status of ongoing discussions about the role and composition of the Advisory Committee and whether the Advisory Committee members should be able to vote on any issues before the Operating Committee. The Participants agreed that this topic would continue to be addressed in the SIP Governance Subcommittee.

13. New Participant (Long-Term Stock Exchange). Mr. Kramer provided an update on the status of the Long-Term Stock Exchange's inclusion in the Operating Committee and noted that certain steps needed to be undertaken by that exchange before it could be included.

14. Advisory Committee Items. The meeting participants discussed the Advisory Committee's activities during the prior quarter and other issues brought up by the Advisors, including potential amendments to the definition of non-professional to try to address the administrative burden of categorizing users as professional versus non-professional.

15. Advisory Committee Membership. Mr. Books announced Mr. Billings's (retail representative) departure from TD Ameritrade and forthcoming resignation from the Advisory Committee.

16. SIP Reports. The SIPs reported on their performance and activities since the May meeting. They addressed capacity, peak usage, system availability and latency statistics, operational activities, production issues, SIP performance activities, and recent development activities. Metrics on SIP performance are publicly available in a quarterly report on the UTP Plan and CTA Plan websites. The Participants voted to approve a proposal from UTP related to LULD Plan Amendment 18.

17. Upcoming Meeting Dates and Locations. The meeting participants agreed to hold the next several meetings in New York. The next meeting will be held November 21, 2019 in New York.

18. Items for Executive Session. The Participants determined that an executive session was not necessary for this quarterly meeting.

* This summary is intended as an informal recap of discussions that occurred at the general session and is subject to revision and to the approval of the Participants.