

SUMMARY OF CQ/CTA/UTP GENERAL SESSION OF NOVEMBER 21, 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, Long-Term Stock Exchange, Inc., 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 (Chris Nielsen, Charles Schwab); Investor Representative (Thomas Jordan, Jordan & Jordan); ATS Representative (Ed Flynn, Morgan Stanley); Vendor Representative (Kerry Baker Relf, Refinitiv); Institutional Representative (Bill Conti, Goldman Sachs); Participant Representatives (Wesley Todd Watkins (E*Trade), Patti Sachs (Citigroup), Melissa Hinmon (Glenmede), Paul O'Donnell (Morgan Stanley)). *Via Telephone:* Participant Representative (Hubert De Jesus (Blackrock)).

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

Proceedings:

1. **Approval of Minutes.** The Participants voted to approve the minutes of the May 2019 and September 2019 General Sessions of the Operating Committee.
2. **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. The meeting participants discussed obtaining metrics related to international usage of SIP data.
3. **SIP Operating Committee Priorities.** The meeting participants discussed the priorities of the various subcommittees, reviewing a list of open items for each subcommittee. The meeting participants discussed how to proceed based on the list of priorities. NYSE suggested that the meeting participants provide NYSE with a ranked list of their priorities, and then NYSE will compile a list aggregating the rankings.
4. **CTA and UTP Prints During Halts.** Mr. Dombach provided a summary of the 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). The amendments were filed with the SEC on September 10, 2019. The SEC provided an update that the SEC planned to publish the amendments and the conflict of interest amendments in December along with a confidentiality amendment that the Plans will submit to the SEC shortly.

5. 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. Coe stated that the SEC was working with Nasdaq on a revised draft of the amendments by the individual Exchanges. NYSE, Cboe, and Mr. Kramer reiterated their prior request that the SEC include all exchanges in substantive discussions regarding the proposed amendments. The meeting participants agreed to hold a joint call with the SEC and all Exchanges to discuss the proposed amendments.

6. SIP Essential. The meeting participants discussed SIP Essential (a component of the NYSE proposal available at <https://www.nyse.com/equities-insights#20190822>) as a standalone option, separate from SIP Premium, which could be developed at a later date. The meeting participants discussed the potential exclusion of market identifiers from SIP Essential and also a potential exemption request under Rule 603(d). The meeting participants also discussed potential delivery mechanisms. The topic was referred to the Market Data Administration Subcommittee for further consideration.

7. NMS Network Filings. The meeting participants discussed a fee filing amendment that NYSE submitted to the SEC regarding a separate low-latency connection to CTA/CQ that would not require any connection to the Secure Financial Transaction Infrastructure (“SFTI”). NYSE stated that it funded the development of the separate network, it agreed that it would not charge additional fees for its usage, and the Operating Committee approved this approach. NYSE stated that, with respect to the fee filing amendment, current customers would not be subject to additional fees; only new customers would pay fees. NYSE noted that Nasdaq submitted a comment letter on October 24, 2019 raising issues with the filing, and the next date for SEC action is December 9, 2019. NYSE stated that any delay in approval would be a delay in reducing 140 microseconds of latency. Nasdaq stated their concerns regarding a new customer having to pay for two ports for access to the new network and that such an approach would be inconsistent with the approach by UTP. The meeting participants discussed the rationale for charging a fee for new customers. The meeting participants also discussed whether the proposal could be amended such that the network could be provided without charging a fee for new customers, and whether an amendment to the filing would cause additional delay in providing the network.

8. Market-Wide Circuit Breaker. The meeting participants discussed Market-Wide Circuit Breakers (“MWCB”), including the resumption of trading following a Level 3 event. Nasdaq is working on revised language to Exchange rules that would be used by the various Exchanges. The meeting participants also discussed creating a MWCB working group, apart from the CQ/CTA/UTP Plans and including individuals outside of the meeting participants, to consider whether additional changes should be made to the MWCB rules. The meeting participants agreed to speak with various market participants about inclusion in the MWCB working group.

9. Providing Transparency to Advisors about Plan Financials & Use of Funds. IEX discussed its proposal that, after the new Confidentiality Policy has been approved by the SEC, additional information would be provided to members of the Advisory Committee on a confidential basis 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 to conduct a portal vote on the proposal after modifying certain language in the proposal.

10. Petition for Transparency about SIP Finances. IEX discussed potentially providing public disclosure about financial information with respect to the SIPs, referencing a petition sent to the SEC seeking Commission action on various matters related to the operation of the SIPs. IEX requested that meeting participants consider voluntarily providing public disclosure of additional information relating to the amounts of incoming fees to the Plans and the uses of SIP funds as outlined in the petition.

11. Odd Lot Task Force. The Operating Committee chair presented a summary of the comments received regarding the proposal posted on the Plans' websites to include odd lot quotation data in the consolidated feed as ancillary information. The meeting participants discussed the proposal and the issues raised in the comment letters, including the suggestion of changing round-lot sizes for securities. The meeting participants also discussed potential latency impacts and costs from a bandwidth perspective of implementing the proposal. The SIP processors agreed to look into these issues, and the meeting participants agreed to reinstate the Odd Lot Task Force to further discuss the proposal along with other potential odd lot proposals, including adjusting round lot thresholds.

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 the subcommittee did not meet since the last Operating Committee meeting. The subcommittee chair discussed the interaction between the Distributed SIP proposal and the SIP Premium proposal. The Operating Committee asked the Processors to provide estimates for the cost to develop a Distributed SIP.
- SIP Systems Subcommittee: The subcommittee chair stated that the subcommittee discussed the use of multicast (transmission of one message to multiple recipients simultaneously) but those discussions have moved to the Technical Subcommittee.
- Market Data Administration Subcommittee: The subcommittee chair reported that the subcommittee discussed pro vs. non-pro definitions, the NYSE SIP Essential proposal, and audit priorities. Mr. Nielsen also provided an update on research being conducted regarding simultaneous log-on.
- LULD Update: The Operating Committee chair discussed Amendment No. 18 to the LULD Plan and upcoming test and implementation dates in early 2020.

- Communications Subcommittee: The subcommittee chair led the meeting participants in a discussion regarding publishing an annual recap from the Operating Committee Chair to inform the public about the Operating Committee’s progress on its priorities.
- Governance Subcommittee: The subcommittee chair reported on the status of ongoing discussions about an advisor participation policy.
- CTA Processor Agreement Review Subcommittee: The subcommittee chair reported on a recent meeting about revising the CTA Service Level Agreements (“SLAs”) to make them similar to the current UTP SLAs.
- Technical Subcommittee: The subcommittee chair reported on recent meetings of the subcommittee, including discussions regarding multicast and using TCP as a backup to multicast.

13. Advisory Committee Items. The meeting participants discussed having an external review of the SIP processors. The meeting participants noted that the Operating Committee already has the ability to conduct a third-party review of the UTP Processor, and the meeting participants discussed having a similar review of the CTA Processor. The meeting participants discussed the timing of any such review in light of the CQ/CTA Processor’s plan to move CTA/CQ to lower-latency Pillar technology in July 2020. The Participants voted to approve initiating work and discussions about hiring a third-party organization to conduct a review of both the UTP Processor and CTA Processor.

14. SIP Reports. The SIPs reported on their performance and activities since the September 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 inclusion of a one millisecond statistic on the UTP Plan and CTA Plan websites.

15. Upcoming Meeting Dates and Locations. The meeting participants discussed the upcoming meeting schedule.

16. Items for Executive Session. The Participants approved holding a discussion about Advisor selection in an Executive Session.

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

Agenda for November 21, 2019 Executive Session*

Selection of Advisory Committee Members

* The Executive Session opened at 2:34PM and was adjourned at 3:02PM.