

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 21	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2017 - * 008	Amendment No. (req. for Amendments *)
----------------	--	-----------------------------	---------------------------------------

Filing by Cboe BZX Exchange, Inc.
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
			Rule		
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
Section 3C(b)(2) * <input type="checkbox"/>	

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
---	---

Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

The Exchange proposes a rule change to amend Exchange Rule 11.9, Primary Pegged Order.

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Chris	Last Name * Solgan
Title * Assistant General Counsel	
E-mail * csolgan@cboe.com	
Telephone * (646) 856-8723	Fax <input type="text"/>

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title *)

Date 11/29/2017	Assistant General Counsel
By Chris Solgan	<div style="border: 1px solid black; width: 100%; height: 20px;"></div>
(Name *)	<div style="border: 1px solid black; width: 100%; height: 20px; background-color: #ccc;"></div>

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFF website.

Form 19b-4 Information *

Add Remove View

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

Add Remove View

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *

Add Remove View

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

Add Remove View

Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

Add Remove View

Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

Add Remove View

The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

Add Remove View

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

Add Remove View

If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² Cboe BZX Exchange, Inc. (“BZX” or the “Exchange”) is filing with the Securities and Exchange Commission (the “Commission”) a proposed rule change to amend paragraph (c)(8)(A) of Exchange Rule 11.9, Primary Pegged Order, to restrict the Time-In-Force (“TIF”) instruction that a displayed Primary Pegged Order that includes a Primary Offset Amount (defined below) may have to Regular Hours Only (“RHO”)³ or Day⁴ if entered during Regular Trading Hours.⁵ The Exchange has designated this proposal as non-controversial and provided the Commission with the notice required by Rule 19b-4(f)(6)(iii) under the Act.⁶

The text of the proposed rule change is available on the Exchange’s website at www.markets.cboe.com, at the Exchange’s principal office and at the Public Reference Room of the Commission.

(b) The Exchange does not believe that the proposed rule change will have any direct or significant indirect effect on any other Exchange rule in effect at the time of this filing.

(c) Not applicable.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Exchange Rule 11.9(b)(7) (defining a TIF of RHO as a limit or market order that is designated for execution only during Regular Trading Hours).

⁴ See Exchange Rule 11.9(b)(2) (defining a TIF of Day as a limit order to buy or sell which, if not executed, expires at the end of Regular Trading Hours).

⁵ Regular Trading Hours is defined as the time between 9:30 a.m. and 4:00 p.m. Eastern Time. See Exchange Rule 1.5(w).

⁶ 17 CFR 240.19b-4(f)(6)(iii).

2. Procedures of the Self-Regulatory Organization

The Exchange submits the proposed rule change pursuant to authority delegated by the Board of Directors of the Exchange on February 11, 2014. Exchange staff will advise the Exchange's Board of Directors of any action taken pursuant to delegated authority. No other action is necessary for the filing of the rule change and, therefore, the Exchange's internal procedures with respect to the proposed change are complete.

The persons on the Exchange staff prepared to respond to questions and comments on the proposed rule change are:

Joanne Moffic-Silver
Executive Vice President, General
Counsel, and Corporate Secretary
(312) 786-7462

Chris Solgan
Assistant General Counsel
(646) 856-8723

3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

(a) Purpose

The Exchange proposes to amend paragraph (c)(8)(A) of Exchange Rule 11.9, Primary Pegged Order, to restrict the TIF instruction that a displayed Primary Pegged Order with a Primary Offset Amount may have to RHO, or if entered during Regular Trading Hours, a TIF instruction of Day.⁷ Exchange Rule 11.9(c)(8) describes a Pegged Order as a limit order that after entry into the System,⁸ the price of the order is automatically adjusted by the System in response to changes in the National Best Bid or Offer ("NBBO"). Exchange Rule 11.9(c)(8)(A) states that a User⁹ entering a Pegged

⁷ The Exchange also proposes a non-substantive change to delete the extraneous word "order" after "Pegged Order" in Exchange Rule 11.9(c)(8).

⁸ See Exchange Rule 1.5(aa).

⁹ See Exchange Rule 1.5(cc).

Order can specify that such order's price will offset the inside quote on the same side of the market by an amount set by the User ("Primary Offset Amount"). The Primary Offset Amount for a displayed Primary Pegged Order must result in the price of such order being inferior to or equal to the inside quote on the same side of the market.

Some available TIF instructions enable a Primary Pegged Order to expire at a time past the end of Regular Trading Hours at 4:00 p.m. Eastern Time. These TIF instructions are Good-'til Extended Day ("GTX"), Good-'til Day ("GTD"), Pre-Opening Session 'til Extended Day ("PTX"), and Pre-Opening Session 'til Day ("PTD").¹⁰

The Exchange has observed that Primary Pegged Orders displayed on the BZX Book with non-aggressive Primary Offset Amounts and similar orders entered on away exchanges that remain active after the end of Regular Trading Hours may be pegged to and repriced off of each other during extended hours trading when no other reference price is available due to orders expiring or being cancelled at 4:00 p.m. Eastern Time. The following example illustrates this scenario. Assume the NBBO is \$0.00 by \$0.00. Market Maker 1 enters an order on Exchange A to buy 100 shares at \$10.00 resulting in a new NBBO of \$10.00 by \$0.00. Market Maker 2 sends a Displayed Primary Peg order to Exchange B to buy 100 with a -\$0.01 Primary Offset Amount. That order is posted on Exchange B at \$9.99. Market Maker 3 then also sends a Displayed Primary Peg order to Exchange C to buy 100 with a -\$0.01 Primary Offset Amount. That order is posted on Exchange C at \$9.99. The NBBO remains \$10.00 by \$0.00. Market Maker 1 cancels their order to buy 100 shares at \$10.00. The NBBO is now \$9.99 by \$0.00. Exchange B re-prices Market Maker 2's Displayed Primary Peg order to buy to \$9.98, one cent below

¹⁰ See Exchange Rule 11.9(b) (defining each of these TIF instructions).

Market Maker 3's Displayed Primary Peg order on Exchange C. The NBB is now \$9.98 by \$0.00. Exchange C then re-prices Market Maker 3's Displayed Primary Peg order to buy to \$9.97, one cent below Market Maker 2's Displayed Primary Peg order on Exchange B. In the absence of new additional liquidity being entered at the NBB, each order would continue to be re-priced off each other until each reach \$0.00.¹¹

To prevent this from occurring, the Exchange proposes to restrict the TIF instruction that a displayed Primary Pegged Order with a Primary Offset Amount may have to RHO, or, if entered during Regular Trading Hours, a TIF instruction of Day. Doing so, would cause displayed Primary Pegged Orders resting on the BZX Book to be eligible for execution from 9:30 a.m. to 4:00 p.m. Eastern Time. Limiting the TIF instructions to RHO and Day only for displayed Primary Pegged Orders with Primary Offset Amounts would ensure that these orders are eligible for execution during Regular Trading Hours, which is the most liquid portion of the trading day, thereby significantly decreasing the possibility that such orders may re-price off similar orders entered on away exchanges in the absence of additional liquidity at the NBB or NBO. The proposed rule change would cause displayed Primary Pegged Orders with Primary Offset Amounts to expire at the end of Regular Trading Hours when a vast majority of orders expire and do not participate in extended hours trading. As amended, paragraph (c)(8)(A) of the Rule 11.9 would be amended to state that a displayed Primary Pegged Order with a Primary Offset Amount shall only include a TIF of RHO or, if entered during Regular

¹¹ While this behavior may occur in less liquid securities during Regular Trading Hours, the Exchange has only witnessed this occurring after the close of trading, on only one occasion, and not with the use of any other pegged order type or instruction. The Exchange intends to monitor the use of displayed Primary Pegged Orders that include a Primary Offset Amount during Regular Trading Hours to identify when the situation subject to this proposal may occur.

Trading Hours, a TIF instruction of Day. As is the case today, Users may continue to enter displayed Primary Pegged Orders with Primary Offset Amounts and TIF instructions of RHO beginning at 6:00 a.m. Eastern Time. However, those orders would not be eligible for execution until 9:30 a.m. Eastern Time, the start of Regular Trading Hours.¹² Displayed Primary Peg orders with Primary Offset Amounts and a TIF of Day will be rejected if entered prior to 9:30 a.m., the start of Regular Trading Hours. Primary Pegged orders that do not include a Primary Offset Amount or that are not displayed on the BZX Book would have no restrictions on the TIF instructions that may be attached to the order.

(b) Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act¹³ in general, and furthers the objectives of Section 6(b)(5) of the Act¹⁴ in particular, in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest. The proposed rule change removes impediments to and perfects the mechanism of a free and open market and a national market system by ensuring that Primary Pegged Orders with Primary Offset Amounts displayed on the EDGX Book do not inadvertently re-price off similar orders on away exchanges in absence of other liquidity creating the illusion of aberrant prices for the security. The proposed rule change would restrict the

¹² See Exchange Rule 11.1(a).

¹³ 15 U.S.C. 78f(b).

¹⁴ 15 U.S.C. 78f(b)(5).

use of the order type to Regular Trading Hours only, the most liquid part of the trading day, thereby significantly decreasing the possibility of such orders re-pricing off of each other in the absence of additional liquidity. The Exchange does not propose to amend or alter the operation of Limit Orders with a Pegged instruction in any other manner. The proposed rule change also promotes just and equitable principles of trade by limiting the times at which such orders are active so as to ensure that the order pegs to prices that reflect the true NBBO of the security and not the Primary Offset Amount of a pegged order in the absence of other liquidity.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended. The proposed rule change is intended to ensure Limit Orders with a Primary Pegged instruction and Primary Offset Amount displayed on the BZX Book do not inadvertently re-price off similar orders on away exchanges in absence of other liquidity. It is not intended to have a competitive impact.

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

No comments were solicited or received on the proposed rule change.

6. Extension of Time Period for Commission Action

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)¹⁵

¹⁵ 15 U.S.C. 78s(b)(3)(A).

of the Act and Rule 19b-4(f)(6)¹⁶ thereunder. The proposed rule change effects a change that (A) does not significantly affect the protection of investors or the public interest; (B) does not impose any significant burden on competition; and (C) by its terms, does not become operative for thirty (30) days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest; provided that the self-regulatory organization has given the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission.¹⁷

The Exchange believes that the proposed rule change meets the criteria of subparagraph (f)(6) of Rule 19b-4¹⁸ because it would not significantly affect the protection of investors or the public interest. The proposed rule change does not significantly affect the protection of investors or the public interest because it ensures Primary Pegged Orders with Primary Offset Amounts displayed on the BZX Book do not inadvertently re-price off similar orders on away exchanges in absence of other liquidity. The Exchange has only witnessed this occurring after the close of trading, on only one occasion, and not with the use of any other pegged order type or instruction. The Exchange intends to monitor the use of displayed Primary Pegged Orders that include a Primary Offset Amount during Regular Trading Hours to identify when the situation subject to this proposal may occur. The Exchange does not propose to amend or alter the operation of Primary Pegged Orders in any other manner. In addition, the proposed rule

¹⁶ 17 CFR 240.19b-4(f)(6).

¹⁷ Id.

¹⁸ Id.

change does not impose any significant burden on competition for the reasons set forth under Section IV above. The Exchange has accordingly designated this rule filing as “non-controversial” under Section 19(b)(3)(A) of the Act¹⁹ and paragraph (f)(6) of Rule 19b-4 thereunder.²⁰

The Exchange respectfully requests that the Commission waive the 30-day operative delay period after which a proposed rule change under Rule 19b-4(f)(6) becomes effective. Waiver of the 30-day operative delay would permit the Exchange to implement the proposed rule change immediately. Waiver of the operative delay is consistent with the protection of investors and the public interest because it will enable the Exchange to update functionality during the operative delay period to restrict Primary Pegged Orders with a Primary Offset Amount displayed on the BZX Book to a TIF instruction of Day or RHO that would ensure such orders do not inadvertently re-price off of similar orders on away exchanges in absence of other liquidity. Waiver of the operative delay is, therefore, consistent with the protection of investors and the public interest.

At any time within sixty (60) days of the filing of such proposed rule change, the Commission may summarily 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.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

No applicable.

¹⁹ 15 U.S.C. 78s(b)(3)(A).

²⁰ 17 C.F.R. 240.19b-4.

9. Security Based-Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

Exhibit 1 – Form of Notice of Proposed Rule Change for Federal Register.

Exhibit 5 – Text of the Proposed Rule Change

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-_____; File No. SR-CboeBZX-2017-008)

Self-Regulatory Organizations; Cboe BYX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Exchange Rule 11.9, Primary Pegged Order

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on _____, Cboe BYX Exchange, Inc. (“BYX” or the “Exchange”) (formerly known as Bats BYX Exchange, Inc.) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange has designated this proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(6)(iii) thereunder,⁴ which renders it effective upon filing with the Commission. 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 filed a proposal to amend paragraph (c)(8)(A) of Exchange Rule 11.9, Primary Pegged Order, to restrict the Time-In-Force (“TIF”) instruction that a displayed Primary Pegged Order that includes a Primary Offset Amount (defined below)

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6)(iii).

may have to Regular Hours Only (“RHO”)⁵ or Day⁶ if entered during Regular Trading Hours.⁷

The text of the proposed rule change is available at the Exchange’s website at www.markets.cboe.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 Exchange 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 these 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 Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend paragraph (c)(8)(A) of Exchange Rule 11.9, Primary Pegged Order, to restrict the TIF instruction that a displayed Primary Pegged Order with a Primary Offset Amount may have to RHO, or if entered during Regular Trading Hours, a TIF instruction of Day.⁸ Exchange Rule 11.9(c)(8) describes a Pegged

⁵ See Exchange Rule 11.9(b)(7) (defining a TIF of RHO as a limit or market order that is designated for execution only during Regular Trading Hours).

⁶ See Exchange Rule 11.9(b)(2) (defining a TIF of Day as a limit order to buy or sell which, if not executed, expires at the end of Regular Trading Hours).

⁷ Regular Trading Hours is defined as the time between 9:30 a.m. and 4:00 p.m. Eastern Time. See Exchange Rule 1.5(w).

⁸ The Exchange also proposes a non-substantive change to delete the extraneous word “order” after “Pegged Order” in Exchange Rule 11.9(c)(8).

Order as a limit order that after entry into the System,⁹ the price of the order is automatically adjusted by the System in response to changes in the National Best Bid or Offer (“NBBO”). Exchange Rule 11.9(c)(8)(A) states that a User¹⁰ entering a Pegged Order can specify that such order’s price will offset the inside quote on the same side of the market by an amount set by the User (“Primary Offset Amount”). The Primary Offset Amount for a displayed Primary Pegged Order must result in the price of such order being inferior to or equal to the inside quote on the same side of the market.

Some available TIF instructions enable a Primary Pegged Order to expire at a time past the end of Regular Trading Hours at 4:00 p.m. Eastern Time. These TIF instructions are Good-‘til Extended Day (“GTX”), Good-‘til Day (“GTD”), Pre-Opening Session ‘til Extended Day (“PTX”), and Pre-Opening Session ‘til Day (“PTD”).¹¹

The Exchange has observed that Primary Pegged Orders displayed on the BZX Book with non-aggressive Primary Offset Amounts and similar orders entered on away exchanges that remain active after the end of Regular Trading Hours may be pegged to and repriced off of each other during extended hours trading when no other reference price is available due to orders expiring or being cancelled at 4:00 p.m. Eastern Time. The following example illustrates this scenario. Assume the NBBO is \$0.00 by \$0.00. Market Maker 1 enters an order on Exchange A to buy 100 shares at \$10.00 resulting in a new NBBO of \$10.00 by \$0.00. Market Maker 2 sends a Displayed Primary Peg order to Exchange B to buy 100 with a -\$0.01 Primary Offset Amount. That order is posted on

⁹ See Exchange Rule 1.5(aa).

¹⁰ See Exchange Rule 1.5(cc).

¹¹ See Exchange Rule 11.9(b) (defining each of these TIF instructions).

Exchange B at \$9.99. Market Maker 3 then also sends a Displayed Primary Peg order to Exchange C to buy 100 with a -\$0.01 Primary Offset Amount. That order is posted on Exchange C at \$9.99. The NBBO remains \$10.00 by \$0.00. Market Maker 1 cancels their order to buy 100 shares at \$10.00. The NBBO is now \$9.99 by \$0.00. Exchange B re-prices Market Maker 2's Displayed Primary Peg order to buy to \$9.98, one cent below Market Maker 3's Displayed Primary Peg order on Exchange C. The NBBO is now \$9.98 by \$0.00. Exchange C then re-prices Market Maker 3's Displayed Primary Peg order to buy to \$9.97, one cent below Market Maker 2's Displayed Primary Peg order on Exchange B. In the absence of new additional liquidity being entered at the NBB, each order would continue to be re-priced off each other until each reach \$0.00.¹²

To prevent this from occurring, the Exchange proposes to restrict the TIF instruction that a displayed Primary Pegged Order with a Primary Offset Amount may have to RHO, or, if entered during Regular Trading Hours, a TIF instruction of Day. Doing so, would cause displayed Primary Pegged Orders resting on the BZX Book to be eligible for execution from 9:30 a.m. to 4:00 p.m. Eastern Time. Limiting the TIF instructions to RHO and Day only for displayed Primary Pegged Orders with Primary Offset Amounts would ensure that these orders are eligible for execution during Regular Trading Hours, which is the most liquid portion of the trading day, thereby significantly decreasing the possibility that such orders may re-price off similar orders entered on

¹² While this behavior may occur in less liquid securities during Regular Trading Hours, the Exchange has only witnessed this occurring after the close of trading, on only one occasion, and not with the use of any other pegged order type or instruction. The Exchange intends to monitor the use of displayed Primary Pegged Orders that include a Primary Offset Amount during Regular Trading Hours to identify when the situation subject to this proposal may occur.

away exchanges in the absence of additional liquidity at the NBB or NBO. The proposed rule change would cause displayed Primary Pegged Orders with Primary Offset Amounts to expire at the end of Regular Trading Hours when a vast majority of orders expire and do not participate in extended hours trading. As amended, paragraph (c)(8)(A) of the Rule 11.9 would be amended to state that a displayed Primary Pegged Order with a Primary Offset Amount shall only include a TIF of RHO or, if entered during Regular Trading Hours, a TIF instruction of Day. As is the case today, Users may continue to enter displayed Primary Pegged Orders with Primary Offset Amounts and TIF instructions of RHO beginning at 6:00 a.m. Eastern Time. However, those orders would not be eligible for execution until 9:30 a.m. Eastern Time, the start of Regular Trading Hours.¹³ Displayed Primary Peg orders with Primary Offset Amounts and a TIF of Day will be rejected if entered prior to 9:30 a.m., the start of Regular Trading Hours. Primary Pegged orders that do not include a Primary Offset Amount or that are not displayed on the BZX Book would have no restrictions on the TIF instructions that may be attached to the order.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act¹⁴ in general, and furthers the objectives of Section 6(b)(5) of the Act¹⁵ in particular, in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in

¹³ See Exchange Rule 11.1(a).

¹⁴ 15 U.S.C. 78f(b).

¹⁵ 15 U.S.C. 78f(b)(5).

securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest. The proposed rule change removes impediments to and perfects the mechanism of a free and open market and a national market system by ensuring that Primary Pegged Orders with Primary Offset Amounts displayed on the EDGX Book do not inadvertently re-price off similar orders on away exchanges in absence of other liquidity creating the illusion of aberrant prices for the security. The proposed rule change would restrict the use of the order type to Regular Trading Hours only, the most liquid part of the trading day, thereby significantly decreasing the possibility of such orders re-pricing off of each other in the absence of additional liquidity. The Exchange does not propose to amend or alter the operation of Limit Orders with a Pegged instruction in any other manner. The proposed rule change also promotes just and equitable principles of trade by limiting the times at which such orders are active so as to ensure that the order pegs to prices that reflect the true NBBO of the security and not the Primary Offset Amount of a pegged order in the absence of other liquidity.

(B) Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended. The proposed rule change is intended to ensure Limit Orders with a Primary Pegged instruction and Primary Offset Amount displayed on the BZX Book do not inadvertently re-price off similar orders on away exchanges in absence of other liquidity. It is not intended to have a competitive impact.

(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

No comments were solicited or received on the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not: (A) significantly affect the protection of investors or the public interest; (B) impose any significant burden on competition; and (C) by its terms, become operative for 30 days from the date on which it was filed or such shorter time as the Commission may designate it has become effective pursuant to Section 19(b)(3)(A) of the Act¹⁶ and paragraph (f)(6) of Rule 19b-4 thereunder,¹⁷ the Exchange has designated this rule filing as non-controversial. The Exchange has given the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is: (1) necessary or appropriate in the public interest; (2) for the protection of investors; or (3) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule 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 proposal is consistent with the Act.

¹⁶ 15 U.S.C. 78s(b)(3)(A).

¹⁷ 17 CFR 240.19b-4.

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 No. SR-CboeBZX-2017-008 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 No. SR-CboeBZX-2017-008. 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 am and 3:00 pm. Copies of such filing will also 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

No. SR-CboeBZX-2017-008 and should be submitted on or before [_____21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁸

Robert W. Errett
Deputy Secretary

¹⁸ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

Proposed new language is underlined; proposed deletions are marked by [brackets].

CHAPTER XI. TRADING RULES

* * * * *

Rule 11.9. Orders and Modifiers

* * * * *

(a) – (b) (No change).

(c) Other Types of Orders.

* * * * *

(8) **Pegged Order.** A limit order that after entry into the System, the price of the order is automatically adjusted by the System in response to changes in the NBBO. A Pegged Order will peg to the NBB or NBO or a certain amount away from the NBB or NBO, as described below. Pegged Orders are not eligible for routing pursuant to Rule 11.13(b). A new timestamp is created for a Pegged Order [order] each time it is automatically adjusted.

(A) **Primary Pegged Order.** A User entering a Pegged Order can specify that such order's price will offset the inside quote on the same side of the market by an amount (the "Primary Offset Amount") set by the User (a "Primary Pegged Order"). Primary Pegged Orders are eligible to be displayed or non-displayed on the Exchange, however, the Primary Offset Amount for a displayed Primary Pegged Order must result in the price of such order being inferior to or equal to the inside quote on the same side of the market. A displayed Primary Pegged Order with a Primary Offset Amount shall only include a time-in-force of RHO, or if entered during Regular Trading Hours, a time-in-force of Day.

(B) (No change).

* * * * *