

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 31	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2018 - * 051	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 the operation of the Super Aggressive order instruction under paragraph (b)(4)(C) of Exchange Rule 11.13.

**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 * Anders	Last Name * Franzon
Title * SVP, Deputy General Counsel	
E-mail * afranzon@cboe.com	
Telephone * (913) 815-7154	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 07/11/2018	SVP, Deputy General Counsel
By Anders Franzon	<input type="text"/>
(Name *)	



afranzon@cboe.com

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”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> Cboe BZX Exchange, Inc. (“BZX” or the “Exchange”) is filing with the Securities and Exchange Commission (the “Commission”) a proposed rule change to amend the operation of the Super Aggressive order instruction under paragraph (b)(4)(C) of Exchange Rule 11.13. 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.<sup>3</sup>

The text of the proposed rule change is available on the Exchange’s website at <http://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.

2. Procedures of the Self-Regulatory Organization

(a) The Exchange’s President (or designee) pursuant to delegated authority approved the proposed rule change on July 6, 2018.

(b) Please refer questions and comments on the proposed rule change to Patrick Sexton, Executive Vice President, General Counsel, and Corporate Secretary, (312) 786-

---

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 17 CFR 240.19b-4(f)(6)(iii).

7462, or Anders Franzon, Senior Vice President, Deputy General Counsel and Chief Legal Officer, (913) 815-7154.

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 the description of the Super Aggressive Re-Route instruction (“Super Aggressive instruction”) under paragraph (b)(4)(C) of Exchange Rule 11.13, Order Execution and Routing to: (i) specify that an incoming BZX Post Only Order or Partial Post Only at Limit Order that locks a resting order with a Super Aggressive instruction must be designated as eligible for display on the Exchange (a “displayed order”) for the order with a Super Aggressive instruction to engage in a liquidity swap and execute against that incoming order; and (ii) modify language from the description of the Super Aggressive instruction that states if an order that does not contain a Super Aggressive instruction maintains higher priority than one or more Super Aggressive eligible orders, the Super Aggressive eligible order(s) with lower priority will not be converted and an incoming BZX Post Only Order or Partial Post Only at Limit Order will be posted or cancelled in accordance with Exchange Rule 11.9(c)(6) or 11.9(c)(7).

Super Aggressive is an optional order instruction that directs the System<sup>4</sup> to route an order when an away Trading Center locks or crosses the limit price of the order resting

---

<sup>4</sup> The term “System” is defined as “the electronic communications and trading facility designated by the Board through which securities orders of Users are consolidated for ranking, execution and, when applicable, routing away.” See Exchange Rule 1.5(aa).

on the BZX Book.<sup>5</sup> When an order with a Super Aggressive instruction is locked by an incoming BZX Post Only Order or Partial Post Only at Limit Order (hereafter collectively referred to as a “Post Only Order”) that does not remove liquidity pursuant to Rule 11.9(c)(6) or 11.9(c)(7), respectively,<sup>6</sup> the order with a Super Aggressive instruction is converted to an executable order and will remove liquidity against such incoming order.

First, the Exchange proposes to modify the behavior of the Super Aggressive instruction to require that the incoming Post Only Order that locks a resting order with a Super Aggressive instruction must be designated as a displayed order for an execution to occur. The Super Aggressive instruction is generally utilized for best execution purposes because it enables the order to immediately attempt to access displayed liquidity on another Trading Center that is either priced equal to or better than the order with a Super Aggressive instruction’s limit price. The Super Aggressive instruction also enables the order to execute against an equally priced incoming Post Only Order that would otherwise not execute by being willing to act as the liquidity remover in such a scenario. Today, the incoming Post Only Order may either be a displayed order or a non-displayed order for it to engage in a liquidity swap with an order with a Super Aggressive instruction resting on the BZX Book.

---

<sup>5</sup> See Exchange Rule 1.5(e).

<sup>6</sup> A BZX Post Only Order will remove contra-side liquidity from the BZX Book if the order is an order to buy or sell a security priced below \$1.00 or if the value of such execution when removing liquidity equals or exceeds the value of such execution if the order instead posted to the BZX Book and subsequently provided liquidity, including the applicable fees charged or rebates provided. See Exchange Rule 11.9(c)(6). A Partial Post Only at Limit Order will remove liquidity from the BZX Book up to the full size of the order if, at the time of receipt, it can be executed at prices better than its limit price. See Exchange Rule 11.9(c)(7).

Consistent with the Super Aggressive instruction to access liquidity displayed on other Trading Centers, the Exchange proposes to amend the Super Aggressive instruction such that an order with such instruction will execute against an equally priced incoming Post Only Order only when such order is to be displayed on the BZX Book. The order with a Super Aggressive instruction would continue to act as a liquidity remover in such a scenario. Should such an equally priced incoming Post Only Order not be designated as a displayed order, the resting order with a Super Aggressive instruction would remain on the BZX Book and await an execution where it may act as a liquidity provider. The incoming Post Only Order that is also designated as a non-displayed order would be posted to the BZX Book at its limit price, creating an internally locked non-displayed book. As is the case today, an execution would continue to occur where an incoming Post Only Order is priced more aggressively than the order with a Super Aggressive instruction resting on the BZX Book, regardless of whether the incoming Post Only Order was designated as a displayed order or a non-displayed order.<sup>7</sup>

The Exchange notes that Users seeking to act as a liquidity remover once resting on the BZX Book in all cases (i.e., seeking to execute against incoming Post Only orders regardless of the display instruction) may attach the Non-Displayed Swap (“NDS”) instruction to their order.<sup>8</sup> The NDS instruction is similar to the Super Aggressive instruction, in that it also is an optional order instruction that a User may include on an order that directs the Exchange to have such order, when resting on the BZX Book, execute against an incoming Post Only Order rather than have it be locked by the incoming order. Today, because orders with either instruction (i.e., Super Aggressive

---

<sup>7</sup> See id.

<sup>8</sup> See Exchange Rule 11.9(c)(12).

and NDS) will execute against incoming Post Only Orders regardless of whether the order is to be displayed, the instructions are currently identical with two exceptions. First, an order with a Super Aggressive instruction will not convert into a liquidity removing order and execute against a Post Only Order if there is an order on the order book with priority over such order that does not also contain a Super Aggressive instruction. As further described below, the Exchange is proposing to modify this feature of the Super Aggressive instruction. The second current distinction between the two instructions, which would remain, is that an order with a Super Aggressive instruction can be displayed on the Exchange whereas an order with the NDS instruction must be non-displayed. As amended, the additional distinction between the two instructions would be whether an order would become a liquidity removing order against any Post Only Order that would lock it (i.e., NDS) or only when the Post Only Order that would lock it also is a displayed order (i.e., Super Aggressive).

The below examples illustrate the proposed behavior. Assume the National Best Bid and Offer (“NBBO”) is \$10.00 by \$10.10. An order to buy is displayed on the BZX Book at \$10.00 with a Super Aggressive instruction. There are no other orders resting on the BZX Book. An order to sell at \$10.00 with a Post Only that is designated as a displayed order is entered. The incoming order to sell would execute against the resting order to buy at \$10.00, the locking price, because the incoming order was designated as a displayed order. The order to buy would act as the liquidity remover and the order to sell would act as the liquidity adder. However, no execution would occur if the incoming order to sell was designated as a non-displayed order. Instead, the incoming order to sell

would be posted non-displayed to the BZX Book at \$10.00, its limit price, causing the BZX Book to be internally locked.

Second, the Exchange proposes to enable a Post Only Order that is designated as a displayed order to execute against an equally priced non-displayed order with a Super Aggressive instruction where a non-displayed order without a Super Aggressive instruction maintains time priority over the Super Aggressive eligible order at that price. In such case, the non-displayed, non-Super Aggressive order seeks to remain a liquidity provider and would cede time priority to the order with a Super Aggressive instruction, which is willing to act as a liquidity remover to facilitate the execution. The Exchange proposes to effect this change by modifying language in the description of the Super Aggressive instruction to state that if an order *displayed on the BZX Book* does not contain a Super Aggressive instruction and maintains higher priority than one or more Super Aggressive eligible orders, the Super Aggressive eligible order(s) with lower priority will not be converted and the incoming Post Only Order will be posted or cancelled in accordance with Exchange Rule 11.9(c)(6) or Rule 11.9(c)(7). Thus, an order with a Super Aggressive instruction, whether displayed on the Exchange or non-displayed, will never execute ahead of a displayed order that maintains time priority.

The Super Aggressive instruction is designed to facilitate executions that would otherwise not occur due to Post Only Order requirement to not remove liquidity. Users entering orders with the Super Aggressive instruction tend to be fee agnostic because an order with a Super Aggressive instruction is willing to route to an away Trading Center displaying an equally or better priced order (i.e., pay a fee at such Trading Center). Meanwhile, an order without the Super Aggressive instruction elects to remain on the

BZX Book as the liquidity provider until it may execute against an incoming order that would act as the liquidity remover. Therefore, enabling the Super Aggressive order to execute against an incoming order, regardless of whether a non-displayed order without a Super Aggressive instruction maintains priority, is consistent with the User's intent for both orders – one chooses to remain the liquidity provider and forgo the execution while the other is willing to execute irrespective of whether it is the liquidity provider or remover. The Exchange notes that similar behavior occurs for orders utilizing the NDS instruction,<sup>9</sup> which also seeks to engage in a liquidity swap against incoming Post Only Orders. The Exchange, however, has proposed to retain the existing limitation with respect to orders displayed on the BZX Book.

The following example illustrates the operation of an order with a Super Aggressive instruction under the proposed rule change. Assume the NBBO is \$10.00 by \$10.04. There is a non-displayed Limit Order to buy resting on the BZX Book at \$10.03 (“Order A”). A second non-displayed Limit Order to buy at \$10.03 is then entered with a Super Aggressive instruction and has time priority behind the first Limit Order (“Order B”). A Post Only Order to sell priced at \$10.03 is entered. Under current behavior, the incoming sell Post Only Order would not execute against Order A and would post to the BZX Book<sup>10</sup> because the value of such execution against the resting buy order when removing liquidity does not equal or exceed the value of such execution if the order instead posted to the BZX Book and subsequently provided liquidity, including the

---

<sup>9</sup> See Exchange Rule 11.9(c)(12). See also Securities Exchange Act Release No. 83537 (June 28, 2018), (SR-CboeBZX-2018-042) (including an example where an order cedes execution priority to an order with an NDS instruction).

<sup>10</sup> Such order would be posted to the BZX Book in accordance with the Exchange's re-pricing instructions to comply with Rule 610(d) of Regulation NMS. See Exchange Rules 11.9(g)(1) and (g)(2). See also 242 CFR 242.610(d).

applicable fees charged or rebates provided. Further, the incoming sell Post Only Order could not execute against Order B because Order A is on the BZX Book and maintains time priority over Order B. Under the proposed change, the incoming sell order, if it was designated as a displayed order, would execute against Order B and Order B would become the remover of liquidity while the incoming sell Post Only Order would become the liquidity provider. In such case, Order A cedes priority to Order B because Order A did not also include a Super Aggressive instruction<sup>11</sup> and thus the User that submitted the order did not indicate the preference to be treated as the remover of liquidity in favor of an execution; instead, by not using Super Aggressive, a User indicates the preference to remain posted on the BZX Book as a liquidity provider. However, if the incoming sell order was priced at \$10.02, it would receive sufficient price improvement to execute upon entry against all resting buy Limit Orders in time priority at \$10.03.<sup>12</sup> Also, if Order A was displayed on the BZX Book, no execution would occur, as the proposed change would only apply to non-displayed liquidity.

(b) Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act<sup>13</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>14</sup> in particular, in that it is designed to promote just and equitable principles of trade, to foster

---

<sup>11</sup> This behavior is consistent with the operation of the Exchange's NDS instruction. See supra note 9.

<sup>12</sup> The execution occurs here because the value of the execution against the buy order when removing liquidity exceeds the value of such execution if the order instead posted to the BZX Book and subsequently provided liquidity, including the applicable fees charged or rebates provided. See supra note 6.

<sup>13</sup> 15 U.S.C. 78f(b).

<sup>14</sup> 15 U.S.C. 78f(b)(5).

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 changes to the Super Aggressive order instruction are 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 Super Aggressive instruction is an optional feature that is intended to reflect the order management practices of various market participants. The proposal to limit the execution of an order with a Super Aggressive instruction to execute against incoming Post Only Orders that also are designated as displayed orders promotes just and equitable principles of trade because it enables Users to elect an order instruction consistent with their intent to execute only against displayed orders, in part, for best execution purposes. The amended Super Aggressive instruction would ensure executions at the best available price displayed on another Trading Center or against an incoming order that would have been displayed on the BZX Book. Users seeking to act as a liquidity remover once resting on the BZX Book and execute against an incoming Post Only Order that is also designated as a non-displayed order may attach the NDS instruction to their order.<sup>15</sup>

The proposed change to the Super Aggressive instruction also removes impediments to and perfects the mechanism of a free and open market and a national

---

<sup>15</sup> See Exchange Rule 11.9(c)(12).

market system because it is designed to facilitate executions that would otherwise not occur due to the Post Only Order requirement to not remove liquidity. The proposal enables non-displayed Super Aggressive orders to execute against an incoming order, regardless of whether another non-displayed order without a Super Aggressive instruction maintains priority consistent with the User's intent for both orders – one chooses to remain the liquidity provider and forgo the execution while the other is willing to execute irrespective of whether it is the liquidity provider or remover. The non-Super Aggressive order seeks to remain a liquidity provider and cede its time priority to the order with a Super Aggressive instruction, which is willing to act as a liquidity remover to facilitate the execution. It also enables an order without the Super Aggressive instruction to remain on the BZX Book as a liquidity provider, consistent with the expected operation of their resting order. The Exchange notes that similar behavior occurs for orders utilizing the NDS<sup>16</sup> instruction, which also seeks to engage in a liquidity swap against incoming Post Only Orders. Finally, by limiting the proposed change to non-displayed orders, the proposal remains consistent with NDS and also retains existing functionality with respect to the handling of displayed orders.

For the reasons set forth above, the Exchange believes the proposal removes impediments to and perfects the mechanism of a free and open market and a national market system, and, in general, protects investors and the public interest.

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

---

<sup>16</sup> See supra note 9.

of the Act, as amended. On the contrary, the proposed changes to the Super Aggressive order instruction are intended to improve the usefulness of the instruction and to align its operation with the intention of the User, resulting in enhanced competition through increased usage and execution quality on the Exchange. Thus, to the extent the change is intended to improve functionality on the Exchange to encourage Users to direct their orders to the Exchange, the change is competitive, but the Exchange does not believe the proposed change will result in any burden on intermarket competition as it is a minor change to available functionality. The proposed changes to the Super Aggressive order instruction also promote intramarket competition because they will facilitate the execution of orders that would otherwise remain unexecuted consistent with the intent of the User entering the order, thereby increasing the efficient functioning of the Exchange. Further, the Super Aggressive order instruction will remain available to all Users in the same way it is today. Thus, Users can continue to choose between various optional order instructions, including Super Aggressive, NDS, and others, depending on the order handling they prefer the Exchange to utilize. Therefore, the Exchange does not believe the proposed rule change will result in any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

The Exchange has neither solicited nor received written comments 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)<sup>17</sup> of the Act and Rule 19b-4(f)(6)<sup>18</sup> 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.<sup>19</sup>

The Exchange believes that the proposed rule change meets the criteria of subparagraph (f)(6) of Rule 19b-4<sup>20</sup> because it would not significantly affect the protection of investors or the public interest. The proposed changes to the Super Aggressive order instruction do not significantly affect the protection of investors or the public interest because they enable: (i) Users to elect an order instruction consistent with their intent to execute only against displayed orders, in part, for best execution purposes; and (ii) non-displayed orders to cede priority facilitating the execution of orders that would otherwise post to the BZX Book. The Super Aggressive instruction is an optional order instruction that would now allow for executions against Post Only Orders only if

---

<sup>17</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>18</sup> 17 CFR 240.19b-4(f)(6).

<sup>19</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>20</sup> 17 CFR 240.19b-4(f)(6).

they also designated as displayed orders. Thus, the change to the Super Aggressive instruction is a minor change to existing functionality that will otherwise remain similar to the existing functionality and also will remain similar to functionality provided for orders with an NDS instruction. Users seeking to access incoming Post Only Orders including orders marked as non-displayed orders, will continue to be able to attach the NDS order instruction to their order.<sup>21</sup> As described above, the proposed priority change for orders with a Super Aggressive instruction is similar to that adopted by the Exchange with respect to orders with an NDS instruction, and remains consistent with NDS by limiting the change so that only non-displayed orders without a Super Aggressive would cede priority to orders with a Super Aggressive instruction.<sup>22</sup> Therefore, this change presents no novel issues that have not already been addressed. This change is in the public interest because it facilitates executions that would otherwise not occur due to the incoming Post Only Order's requirement not to remove liquidity. It also enables an order without the Super Aggressive instruction to remain on the BZX Book as a liquidity provider, consistent with the expected operation of their resting order. The Exchange has accordingly designated this rule filing as "non-controversial" under Section 19(b)(3)(A) of the Act<sup>23</sup> and paragraph (f)(6) of Rule 19b-4 thereunder.<sup>24</sup>

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 benefit investors by

---

<sup>21</sup> See Exchange Rule 11.9(c)(12).

<sup>22</sup> See supra note 9.

<sup>23</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>24</sup> 17 C.F.R. 240.19b-4.

enabling the Exchange to implement the proposed rule change promptly after filing, thus allowing the Exchange to make this functionality available to Users. The use of the Super Aggressive instruction is completely optional, and, as noted above, the NDS instruction remains available to the extent Users wish to execute against Post Only Orders regardless of whether they are designated as displayed orders or non-displayed orders. 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

Not applicable.

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-2018-051)

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Exchange Rule 11.13, Order Execution and Routing, to Amend the Operation of the Super Aggressive Order Instruction

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on \_\_\_\_\_, Cboe BZX Exchange, Inc. (the “Exchange” or “BZX”) 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 Act<sup>3</sup> and Rule 19b-4(f)(6)(iii) thereunder,<sup>4</sup> 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 the operation of the Super Aggressive order instruction under paragraph (b)(4)(C) of Exchange Rule 11.13.

The text of the proposed rule change is available at the Exchange’s website at [www.markets.cboe.com](http://www.markets.cboe.com), at the principal office of the Exchange, and at the Commission’s

---

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>4</sup> 17 CFR 240.19b-4(f)(6)(iii).

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 the description of the Super Aggressive Re-Route instruction ("Super Aggressive instruction") under paragraph (b)(4)(C) of Exchange Rule 11.13, Order Execution and Routing to: (i) specify that an incoming BZX Post Only Order or Partial Post Only at Limit Order that locks a resting order with a Super Aggressive instruction must be designated as eligible for display on the Exchange (a "displayed order") for the order with a Super Aggressive instruction to engage in a liquidity swap and execute against that incoming order; and (ii) modify language from the description of the Super Aggressive instruction that states if an order that does not contain a Super Aggressive instruction maintains higher priority than one or more Super Aggressive eligible orders, the Super Aggressive eligible order(s) with lower priority will not be converted and an incoming BZX Post Only Order or Partial Post Only at Limit Order will be posted or cancelled in accordance with Exchange Rule 11.9(c)(6) or 11.9(c)(7).

Super Aggressive is an optional order instruction that directs the System<sup>5</sup> to route an order when an away Trading Center locks or crosses the limit price of the order resting on the BZX Book.<sup>6</sup> When an order with a Super Aggressive instruction is locked by an incoming BZX Post Only Order or Partial Post Only at Limit Order (hereafter collectively referred to as a “Post Only Order”) that does not remove liquidity pursuant to Rule 11.9(c)(6) or 11.9(c)(7), respectively,<sup>7</sup> the order with a Super Aggressive instruction is converted to an executable order and will remove liquidity against such incoming order.

First, the Exchange proposes to modify the behavior of the Super Aggressive instruction to require that the incoming Post Only Order that locks a resting order with a Super Aggressive instruction must be designated as a displayed order for an execution to occur. The Super Aggressive instruction is generally utilized for best execution purposes because it enables the order to immediately attempt to access displayed liquidity on another Trading Center that is either priced equal to or better than the order with a Super Aggressive instruction’s limit price. The Super Aggressive instruction also enables the

---

<sup>5</sup> The term “System” is defined as “the electronic communications and trading facility designated by the Board through which securities orders of Users are consolidated for ranking, execution and, when applicable, routing away.” See Exchange Rule 1.5(aa).

<sup>6</sup> See Exchange Rule 1.5(e).

<sup>7</sup> A BZX Post Only Order will remove contra-side liquidity from the BZX Book if the order is an order to buy or sell a security priced below \$1.00 or if the value of such execution when removing liquidity equals or exceeds the value of such execution if the order instead posted to the BZX Book and subsequently provided liquidity, including the applicable fees charged or rebates provided. See Exchange Rule 11.9(c)(6). A Partial Post Only at Limit Order will remove liquidity from the BZX Book up to the full size of the order if, at the time of receipt, it can be executed at prices better than its limit price. See Exchange Rule 11.9(c)(7).

order to execute against an equally priced incoming Post Only Order that would otherwise not execute by being willing to act as the liquidity remover in such a scenario. Today, the incoming Post Only Order may either be a displayed order or a non-displayed order for it to engage in a liquidity swap with an order with a Super Aggressive instruction resting on the BZX Book.

Consistent with the Super Aggressive instruction to access liquidity displayed on other Trading Centers, the Exchange proposes to amend the Super Aggressive instruction such that an order with such instruction will execute against an equally priced incoming Post Only Order only when such order is to be displayed on the BZX Book. The order with a Super Aggressive instruction would continue to act as a liquidity remover in such a scenario. Should such an equally priced incoming Post Only Order not be designated as a displayed order, the resting order with a Super Aggressive instruction would remain on the BZX Book and await an execution where it may act as a liquidity provider. The incoming Post Only Order that is also designated as a non-displayed order would be posted to the BZX Book at its limit price, creating an internally locked non-displayed book. As is the case today, an execution would continue to occur where an incoming Post Only Order is priced more aggressively than the order with a Super Aggressive instruction resting on the BZX Book, regardless of whether the incoming Post Only Order was designated as a displayed order or a non-displayed order.<sup>8</sup>

The Exchange notes that Users seeking to act as a liquidity remover once resting on the BZX Book in all cases (i.e., seeking to execute against incoming Post Only orders regardless of the display instruction) may attach the Non-Displayed Swap (“NDS”)

---

<sup>8</sup> See id.

instruction to their order.<sup>9</sup> The NDS instruction is similar to the Super Aggressive instruction, in that it also is an optional order instruction that a User may include on an order that directs the Exchange to have such order, when resting on the BZX Book, execute against an incoming Post Only Order rather than have it be locked by the incoming order. Today, because orders with either instruction (i.e., Super Aggressive and NDS) will execute against incoming Post Only Orders regardless of whether the order is to be displayed, the instructions are currently identical with two exceptions. First, an order with a Super Aggressive instruction will not convert into a liquidity removing order and execute against a Post Only Order if there is an order on the order book with priority over such order that does not also contain a Super Aggressive instruction. As further described below, the Exchange is proposing to modify this feature of the Super Aggressive instruction. The second current distinction between the two instructions, which would remain, is that an order with a Super Aggressive instruction can be displayed on the Exchange whereas an order with the NDS instruction must be non-displayed. As amended, the additional distinction between the two instructions would be whether an order would become a liquidity removing order against any Post Only Order that would lock it (i.e., NDS) or only when the Post Only Order that would lock it also is a displayed order (i.e., Super Aggressive).

The below examples illustrate the proposed behavior. Assume the National Best Bid and Offer (“NBBO”) is \$10.00 by \$10.10. An order to buy is displayed on the BZX Book at \$10.00 with a Super Aggressive instruction. There are no other orders resting on the BZX Book. An order to sell at \$10.00 with a Post Only that is designated as a

---

<sup>9</sup> See Exchange Rule 11.9(c)(12).

displayed order is entered. The incoming order to sell would execute against the resting order to buy at \$10.00, the locking price, because the incoming order was designated as a displayed order. The order to buy would act as the liquidity remover and the order to sell would act as the liquidity adder. However, no execution would occur if the incoming order to sell was designated as a non-displayed order. Instead, the incoming order to sell would be posted non-displayed to the BZX Book at \$10.00, its limit price, causing the BZX Book to be internally locked.

Second, the Exchange proposes to enable a Post Only Order that is designated as a displayed order to execute against an equally priced non-displayed order with a Super Aggressive instruction where a non-displayed order without a Super Aggressive instruction maintains time priority over the Super Aggressive eligible order at that price. In such case, the non-displayed, non-Super Aggressive order seeks to remain a liquidity provider and would cede time priority to the order with a Super Aggressive instruction, which is willing to act as a liquidity remover to facilitate the execution. The Exchange proposes to effect this change by modifying language in the description of the Super Aggressive instruction to state that if an order *displayed on the BZX Book* does not contain a Super Aggressive instruction and maintains higher priority than one or more Super Aggressive eligible orders, the Super Aggressive eligible order(s) with lower priority will not be converted and the incoming Post Only Order will be posted or cancelled in accordance with Exchange Rule 11.9(c)(6) or Rule 11.9(c)(7). Thus, an order with a Super Aggressive instruction, whether displayed on the Exchange or non-displayed, will never execute ahead of a displayed order that maintains time priority.

The Super Aggressive instruction is designed to facilitate executions that would otherwise not occur due to Post Only Order requirement to not remove liquidity. Users entering orders with the Super Aggressive instruction tend to be fee agnostic because an order with a Super Aggressive instruction is willing to route to an away Trading Center displaying an equally or better priced order (i.e., pay a fee at such Trading Center). Meanwhile, an order without the Super Aggressive instruction elects to remain on the BZX Book as the liquidity provider until it may execute against an incoming order that would act as the liquidity remover. Therefore, enabling the Super Aggressive order to execute against an incoming order, regardless of whether a non-displayed order without a Super Aggressive instruction maintains priority, is consistent with the User's intent for both orders – one chooses to remain the liquidity provider and forgo the execution while the other is willing to execute irrespective of whether it is the liquidity provider or remover. The Exchange notes that similar behavior occurs for orders utilizing the NDS instruction,<sup>10</sup> which also seeks to engage in a liquidity swap against incoming Post Only Orders. The Exchange, however, has proposed to retain the existing limitation with respect to orders displayed on the BZX Book.

The following example illustrates the operation of an order with a Super Aggressive instruction under the proposed rule change. Assume the NBBO is \$10.00 by \$10.04. There is a non-displayed Limit Order to buy resting on the BZX Book at \$10.03 (“Order A”). A second non-displayed Limit Order to buy at \$10.03 is then entered with a Super Aggressive instruction and has time priority behind the first Limit Order (“Order

---

<sup>10</sup> See Exchange Rule 11.9(c)(12). See also Securities Exchange Act Release No. 83537 (June 28, 2018), (SR-CboeBZX-2018-042) (including an example where an order cedes execution priority to an order with an NDS instruction).

B”). A Post Only Order to sell priced at \$10.03 is entered. Under current behavior, the incoming sell Post Only Order would not execute against Order A and would post to the BZX Book<sup>11</sup> because the value of such execution against the resting buy order when removing liquidity does not equal or exceed the value of such execution if the order instead posted to the BZX Book and subsequently provided liquidity, including the applicable fees charged or rebates provided. Further, the incoming sell Post Only Order could not execute against Order B because Order A is on the BZX Book and maintains time priority over Order B. Under the proposed change, the incoming sell order, if it was designated as a displayed order, would execute against Order B and Order B would become the remover of liquidity while the incoming sell Post Only Order would become the liquidity provider. In such case, Order A cedes priority to Order B because Order A did not also include a Super Aggressive instruction<sup>12</sup> and thus the User that submitted the order did not indicate the preference to be treated as the remover of liquidity in favor of an execution; instead, by not using Super Aggressive, a User indicates the preference to remain posted on the BZX Book as a liquidity provider. However, if the incoming sell order was priced at \$10.02, it would receive sufficient price improvement to execute upon entry against all resting buy Limit Orders in time priority at \$10.03.<sup>13</sup> Also, if

---

<sup>11</sup> Such order would be posted to the BZX Book in accordance with the Exchange’s re-pricing instructions to comply with Rule 610(d) of Regulation NMS. See Exchange Rules 11.9(g)(1) and (g)(2). See also 242 CFR 242.610(d).

<sup>12</sup> This behavior is consistent with the operation of the Exchange’s NDS instruction. See supra note 10.

<sup>13</sup> The execution occurs here because the value of the execution against the buy order when removing liquidity exceeds the value of such execution if the order instead posted to the BZX Book and subsequently provided liquidity, including the applicable fees charged or rebates provided. See supra note 7.

Order A was displayed on the BZX Book, no execution would occur, as the proposed change would only apply to non-displayed liquidity.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act<sup>14</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>15</sup> 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 changes to the Super Aggressive order instruction are 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 Super Aggressive instruction is an optional feature that is intended to reflect the order management practices of various market participants. The proposal to limit the execution of an order with a Super Aggressive instruction to execute against incoming Post Only Orders that also are designated as displayed orders promotes just and equitable principles of trade because it enables Users to elect an order instruction consistent with their intent to execute only against displayed orders, in part, for best execution purposes. The amended Super

---

<sup>14</sup> 15 U.S.C. 78f(b).

<sup>15</sup> 15 U.S.C. 78f(b)(5).

Aggressive instruction would ensure executions at the best available price displayed on another Trading Center or against an incoming order that would have been displayed on the BZX Book. Users seeking to act as a liquidity remover once resting on the BZX Book and execute against an incoming Post Only Order that is also designated as a non-displayed order may attach the NDS instruction to their order.<sup>16</sup>

The proposed change to the Super Aggressive instruction also removes impediments to and perfects the mechanism of a free and open market and a national market system because it is designed to facilitate executions that would otherwise not occur due to the Post Only Order requirement to not remove liquidity. The proposal enables non-displayed Super Aggressive orders to execute against an incoming order, regardless of whether another non-displayed order without a Super Aggressive instruction maintains priority consistent with the User's intent for both orders – one chooses to remain the liquidity provider and forgo the execution while the other is willing to execute irrespective of whether it is the liquidity provider or remover. The non-Super Aggressive order seeks to remain a liquidity provider and cede its time priority to the order with a Super Aggressive instruction, which is willing to act as a liquidity remover to facilitate the execution. It also enables an order without the Super Aggressive instruction to remain on the BZX Book as a liquidity provider, consistent with the expected operation of their resting order. The Exchange notes that similar behavior occurs for orders utilizing the NDS<sup>17</sup> instruction, which also seeks to engage in a liquidity swap against incoming Post Only Orders. Finally, by limiting the proposed change to non-displayed

---

<sup>16</sup> See Exchange Rule 11.9(c)(12).

<sup>17</sup> See supra note 10.

orders, the proposal remains consistent with NDS and also retains existing functionality with respect to the handling of displayed orders.

For the reasons set forth above, the Exchange believes the proposal removes impediments to and perfects the mechanism of a free and open market and a national market system, and, in general, protects investors and the public interest.

(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. On the contrary, the proposed changes to the Super Aggressive order instruction are intended to improve the usefulness of the instruction and to align its operation with the intention of the User, resulting in enhanced competition through increased usage and execution quality on the Exchange. Thus, to the extent the change is intended to improve functionality on the Exchange to encourage Users to direct their orders to the Exchange, the change is competitive, but the Exchange does not believe the proposed change will result in any burden on intermarket competition as it is a minor change to available functionality. The proposed changes to the Super Aggressive order instruction also promote intramarket competition because they will facilitate the execution of orders that would otherwise remain unexecuted consistent with the intent of the User entering the order, thereby increasing the efficient functioning of the Exchange. Further, the Super Aggressive order instruction will remain available to all Users in the same way it is today. Thus, Users can continue to choose between various optional order instructions, including Super Aggressive, NDS, and others, depending on the order handling they prefer the Exchange to utilize. Therefore, the Exchange does not believe

the proposed rule change will result in any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

The Exchange has neither solicited nor received written comments 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 Act<sup>18</sup> and paragraph (f)(6) of Rule 19b-4 thereunder,<sup>19</sup> 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

---

<sup>18</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>19</sup> 17 CFR 240.19b-4.

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.

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](mailto:rule-comments@sec.gov). Please include File No. SR-CboeBZX-2018-051 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-2018-051. 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-2018-051 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.<sup>20</sup>

Robert W. Errett  
Deputy Secretary

---

<sup>20</sup> 17 CFR 200.30-3(a)(12).

EXHIBIT 5

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

## Rules of Cboe BZX Exchange, Inc.

\* \* \* \* \*

## CHAPTER XI. TRADING RULES

\* \* \* \* \*

## Rule 11.13. Order Execution and Routing

\* \* \* \* \*

- (a) (No change).
- (b) (No change).
- (1)-(3) (No change).
- (4) (No change).
- (A)-(B) (No change).

(C) Re-Route Against Incoming Orders. Consistent with the Super Aggressive Re-Route instruction described above, when any order with a Super Aggressive Re-Route instruction is locked by an incoming BZX Post Only Order or Partial Post Only at Limit Order that is designated as eligible for display and that does not remove liquidity pursuant to Rule 11.9(c)(6) or Rule 11.9(c)(7), respectively, the Re-Route order is converted to an executable order and will remove liquidity against such incoming order. Notwithstanding the foregoing, if an order displayed on the BZX Book [that] does not contain a Super Aggressive Re-Route instruction and maintains higher priority than one or more Super Aggressive Re-Route eligible orders, the Re-Route eligible order(s) with lower priority will not be converted, as described above, and the incoming BZX Post Only Order or Partial Post Only at Limit Order will be posted or cancelled in accordance with Rule 11.9(c)(6) or Rule 11.9(c)(7) above.

- (5) (No change).

\* \* \* \* \*