OMB APPROVAL
OMB Number: 3235-0045
Estimated average burden hours per response............38

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No.* SR - 2018 - * 051

Amendment No. (req. for Amendments *)

Filing by   Cboe EDGX Exchange, Inc.

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * ☑	Amendment * ☐	Withdrawal ☐	Section 19(b)(2) * ☐	Section 19(b)(3)(A) * ☑	Section 19(b)(3)(B) * ☐

Rule

Pilot ☐	Extension of Time Period for Commission Action * ☐	Date Expires *	19b-4(f)(1) ☐	19b-4(f)(4) ☐
			19b-4(f)(2) ☐	19b-4(f)(5) ☐
			19b-4(f)(3) ☐	19b-4(f)(6) ☑

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Section 806(e)(1) * ☐	Section 806(e)(2) * ☐

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934

Section 3C(b)(2) * ☐

Exhibit 2 Sent As Paper Document ▣	Exhibit 3 Sent As Paper Document ▣

Description

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

The Exchange proposes to adopt reserve orders.

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 *	Laura	Last Name *	Dickman

Title * Vice President, Associate General Counsel

E-mail * dickman@cboe.com

Telephone * (312) 786-7572   Fax

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 11/05/2018

By Laura G. Dickman

(Name *)

Vice President, Associate General Counsel

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.

dickman@cboe.com

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Item 1.   Text of the Proposed Rule Change

(a)   Cboe EDGX Exchange, Inc. (the "Exchange" or "EDGX Options")

proposes to adopt Reserve Orders. The text of the proposed rule change is provided

below and in Exhibit 1.

(additions are underlined; deletions are [bracketed])

* * * * *

Rules of Cboe EDGX Exchange, Inc.

* * * * *

Rule 21.1. Definitions

The following definitions apply to Chapter XXI for the trading of options listed on EDGX
Options.

(a) – (c) No change.

(d) The term "Order Type" shall mean the unique processing prescribed for designated
orders that are eligible for entry into the System, and shall include:

> (1) [(Reserved.)]"Reserve Orders" are limit orders that have both a portion of the
> quantity displayed ("Display Quantity") and a reserve portion of the quantity
> ("Reserve Quantity") not displayed. Both the Display Quantity and Reserve
> Quantity of the Reserve Order are available for potential execution against
> incoming orders. When entering a Reserve Order, a User must instruct the
> Exchange as to the quantity of the order to be initially displayed by the System
> ("Max Floor"). If the Display Quantity of a Reserve Order is fully executed, the
> System will, in accordance with the User's instruction, replenish the Display
> Quantity from the Reserve Quantity using one of the below replenishment
> instructions. If the remainder of an order is less than the replenishment amount,
> the System will display the entire remainder of the order. The System creates a
> new timestamp for both the Display Quantity and Reserve Quantity of the order
> each time it is replenished from reserve.
>
> > (A) Random Replenishment. An instruction that a User may attach to an
> > order with Reserve Quantity where the System randomly replenishes the
> > Display Quantity for the order with a number of contracts not outside a
> > replenishment range, which equals the Max Floor plus and minus a
> > replenishment value established by the User when entering a Reserve
> > Order with a Random Replenishment instruction.

(B) Fixed Replenishment. For any order that a User does not select Random Replenishment, the System will replenish the Display Quantity of the order with the number of contracts equal to the Max Floor.

(2) – (12) No change.

(e) – (j) No change.

* * * * *

Rule 21.6. Entry of Orders

Users can enter orders into the System, subject to the following requirements and conditions:

(a) Users shall be permitted to transmit to the System multiple orders at a single as well as multiple price levels. Each order will indicate the Reserve Quantity (if applicable).

(b) – (f) No change.

* * * * *

Rule 21.8. Order Display and Book Processing

(a) – (k) No change.

(l) *Nondisplayed Orders*. Displayed orders have priority over nondisplayed orders. Nondisplayed portions of Reserve Orders are allocated in accordance with paragraph (c) above, but additional priority overlays do not apply, except for the Customer Overlay (if applicable).

* * * * *

(b)   Not applicable.

(c)   Not applicable.

Item 2.   Procedures of the Self-Regulatory Organization

(a)   The Exchange's President (or designee) pursuant to delegated authority approved the proposed rule change on October 11, 2018. The Exchange will announce via Exchange Notice the implementation date of the proposed rule change, which is currently expected to be November 29, 2018.

(b)   Please refer questions and comments on the proposed rule change to Pat

Sexton, Executive Vice President, General Counsel, and Corporate Secretary, (312) 786-

7467, or Laura G. Dickman, (312) 786-7572, Cboe EDGX Exchange, Inc., 400 South

LaSalle, Chicago, Illinois 60605.

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

(a)   Purpose

In 2016, the Exchange's parent company, Cboe Global Markets, Inc. (formerly

named CBOE Holdings, Inc.) ("Cboe Global"), which is also the parent company of Cboe

Exchange, Inc. ("Cboe Options") and Cboe C2 Exchange, Inc. ("C2"), acquired the

Exchange and its affiliated exchanges, Cboe EDGA Exchange, Inc. ("EDGA"), Cboe BZX

Exchange, Inc. ("BZX or BZX Options"), and Cboe BYX Exchange, Inc. ("BYX" and,

together with C2, Cboe Options, EDGX, EDGA, and BZX, the "Cboe Affiliated

Exchanges"). In this context, EDGX Options proposes to align certain system functionality

with C2 and BZX Options. Although the Exchange intentionally offers certain features that

differ from those offered by the Cboe Affiliated Exchange and will continue to do so, the

Exchange believes offering similar functionality to the extent practicable will reduce

potential confusion for market participants.

The proposed rule change adopts Reserve Orders. Reserve Orders permit Users to

enter orders with both displayed and nondisplayed amounts. Specifically, proposed Rule

21.1(d)(1) provides that "Reserve Orders" are limit orders that have both a portion of the

quantity displayed ("Display Quantity") and a reserve portion of the quantity ("Reserve

Quantity") not displayed.[1] Both the Display Quantity and Reserve Quantity of the Reserve

Order are available for potential execution against incoming orders. When entering a

Reserve Order, a User must instruct the Exchange as to the quantity of the order to be

initially displayed by the System ("Max Floor"). If the Display Quantity of a Reserve Order

is fully executed, the System will, in accordance with the User's instruction, replenish the

Display Quantity from the Reserve Quantity using one of two replenishment options, as

described below. If the remainder of an order is less than the replenishment amount, the

System will display the entire remainder of the order. The System creates a new timestamp

for both the Display Quantity and Reserve Quantity of the order each time it is replenished

from reserve.

A User may determine that a Reserve Order should be subject to "Random

Replenishment" or "Fixed Replenishment." If a Reserve Order has a Random

Replenishment instruction, the System randomly replenishes the Display Quantity for the

order with a number of contracts not outside a replenishment range, which equals the Max

Floor plus and minus a replenishment value established by the User when entering a

Reserve Order with a Random Replenishment instruction. For any order that a User does

not select Random Replenishment, the System will replenish the Display Quantity of the

order with the number of contracts equal to the Max Floor.

Pursuant to proposed Rule 21.8(l), displayed orders have priority over nondisplayed

orders. In other words, while both portions of a Reserve Order may execute against

incoming marketable orders, the displayed portion will be executed first, and the non-

displayed portion will only execute after all displayed interest (from other orders) at that

---

[1]   The proposed change to Rule 21.6(a) states that each order will indicate the
        Reserve Quantity (if applicable).

price has executed. Nondisplayed portions of Reserve Orders are allocated in accordance

with Rule 21.8(c), but additional priority overlays will not apply, except for the Customer

Overlay (if applicable). Therefore, if there are nondisplayed portions of multiple Reserve

Orders at the same price that can execute against an incoming marketable order, those

nondisplayed portions will be allocated in a pro-rata manner; however, if the Customer

Overlay has been applied to the class, the nondisplayed portion of any Customer Reserve

Orders will execute first. The Exchange notes that pursuant to Rule 22.13, Interpretation

and Policy .03, with respect to nondisplayed trading interest, including the Reserve Quantity

of a Reserve Order, the exposure requirement in Rule 22.13(a) is satisfied if the displayable

portion of the order (the Display Quantity) is displayed at its displayable price for one

second.

The proposed rule change is substantially the same as the rules of other options

exchanges.[2]

(b)   Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities

Exchange Act of 1934 (the "Act") and the rules and regulations thereunder applicable to

the Exchange and, in particular, the requirements of Section 6(b) of the Act.[3]

Specifically, the Exchange believes the proposed rule change is consistent with the

Section 6(b)(5)[4] requirements that the rules of an exchange be designed to prevent

fraudulent and manipulative acts and practices, to promote just and equitable principles

---

[2]   See, e.g., C2 Rules 1.1 (definition of Reserve order in Order Instruction
        definition) and 6.12(a)(3); and BZX Options Rules 21.1(d)(1) and 21.8(a)(2).

[3]   15 U.S.C. 78f(b).

[4]   15 U.S.C. 78f(b)(5).

of trade, to foster cooperation and coordination with persons engaged in regulating,

clearing, settling, processing information with respect to, and 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. Additionally, the Exchange believes the proposed rule change is consistent with

the Section 6(b)(5)[5] requirement that the rules of an exchange not be designed to permit

unfair discrimination between customers, issuers, brokers, or dealers.

The proposed rule change is generally intended to add certain system

functionality currently offered by C2 and BZX Options to the Exchange's System in

order to provide a consistent technology offering for the Cboe Affiliated Exchanges. A

consistent technology offering, in turn, will simplify the technology implementation,

changes and maintenance by Users of the Exchange that are also participants on Cboe

Affiliated Exchanges. The proposed rule change will provide Users with additional

flexibility to manage and display their orders on the Exchange, as well as increased

functionality on the Exchange. This may encourage market participants to bring

additional liquidity to the market, which benefits all investors. Additionally, this will

provide Users with greater harmonization between the order handling instructions

available among the Cboe Affiliated Exchanges.

The proposed rule change also removes impediments to and perfect the

mechanism of a free and open market and a national market system because the proposed

functionality is available on other options exchanges.[6] The proposed rule change does

---

[5]   Id.

[6]   See supra note 2.

not propose to implement new or unique functionality that has not been previously filed

with the Commission or is not available on Cboe Affiliated Exchanges.

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

The Exchange does not believe that the proposed rule change will impose any

burden on competition that is not necessary or appropriate in furtherance of the purposes

of the Act. The proposed rule change will not impose a burden on intramarket

competition, because the use of Reserve Orders, like all other order instructions available

on the Exchange, is voluntary. Reserve Orders entered by all Users will be handled in the

same manner. The proposed rule change will not impose a burden on intermarket

competition, because Reserve Order functionality is available on other options

exchanges.[7]

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

The Exchange neither solicited nor received comments on the proposed rule

change.

Item 6.   **Extension of Time Period for Commission Action**

Not applicable.

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

(a)   The proposed rule change is filed for immediate effectiveness pursuant to

Section 19(b)(3)(A) of Act[8] and Rule 19b-4(f)(6)[9] thereunder.

---

7   Id.

8   15 U.S.C. 78s(b)(3)(A).

9   17 CFR 240.19b-4(f)(6).

(b) The Exchange designates that the proposed rule change effects a change

that (i) does not significantly affect the protection of investors or the public interest;

(ii) does not impose any significant burden on competition; and (iii) by its terms, does not

become operative for 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. Additionally, 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.

The proposed rule change does not significantly impact the protection of

investors, because it will provide Users with additional flexibility to manage and display

their orders on the Exchange, as well as increased functionality on the Exchange. This

may encourage market participants to bring additional liquidity to the market, which

benefits all investors. Additionally, this will provide Users with greater harmonization

between the order handling instructions available among the Cboe Affiliated Exchanges.

The proposed rule change further aligns the Exchange's System order instruction

functionality across several Cboe Affiliated Exchanges, simplifying the technology

implementation, changes, and maintenance by Users that are also participants on other

Cboe Affiliated Exchanges.

The proposed rule change does not impose any significant burden on competition,

because, as discussed above, the proposed Reserve Order functionality is based on the

rules of BZX Options and C2, which Rules have previously been filed with the

Commission. All proposed System functionality will be available to all Users, and

Reserve Orders entered by all Users will be handled in the same manner.

For the foregoing reasons, this rule filing qualifies as a "non-controversial" rule

change under Rule 19b-4(f)(6), which renders the proposed rule change effective upon

filing with the Commission. At any time within 60 days of the filing of this proposed

rule change, the Commission summarily may 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. If the Commission takes such action, the Commission will institute proceedings to

determine whether the proposed rule change should be approved or disapproved. 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.

The proposed rule change is not novel or unique. The proposed rule change is

substantially the same as C2 Rules 1.1 (definition of Reserve order in Order Instruction

definition) and 6.12(a)(3); and BZX Options Rules 21.1(d)(1) and 21.8(a)(2). Waiver of

the operative delay will provide Users with additional flexibility to manage and display

their orders and additional control over their executions on the Exchange as soon as

possible. Additionally, waiver of the operative delay will allow the Exchange to continue

to strive towards a complete technology integration of the Cboe Affiliated Exchanges,

with gradual roll-outs of new functionality to ensure stability of the System. The

proposed rule change is generally intended to codify certain system functionality to the

Exchange's System, as well as add certain functionality to the Exchange's System, in

order to provide a consistent technology offering for the Cboe Affiliated Exchanges. A

consistent technology offering, in turn, will simplify the technology implementation,

changes and maintenance by Trading Permit Holders of the Exchange that are also

participants on Cboe Affiliated Exchanges.

      (c)   Not applicable.

      (d)   Not applicable.

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

The proposed rule change is based on C2 Rules 1.1 (definition of Reserve Order in

Order Instruction definition) and 6.12(a)(3); and BZX Options Rules 21.1(d)(1) and

21.8(a)(2). The proposed rule change as well as the corresponding C2 and BZX Rules

provide that displayed orders have priority over nondisplayed orders. The proposed rule

change adds detail regarding how any priority overlays would apply to the execution of

any nondisplayed orders. C2 and BZX Rules do not contain priority overlays, and thus

the C2 and BZX Rules related to the priority of displayed and nondisplayed orders do not

contain a similar provision.

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

Not applicable.

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

Not applicable.

Item 11.   **Exhibits**

Exhibit 1.   Completed Notice of Proposed Rule Change for publication in the Federal Register.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-   ; File No. SR-CboeEDGX-2018-051]

[Insert date]

Self-Regulatory Organizations; Cboe EDGX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Adopt Reserve Orders

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 [insert date], Cboe EDGX Exchange, Inc. (the "Exchange" or ""EDGX"") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Exchange filed the proposal as a "non-controversial" proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act[3] and Rule 19b-4(f)(6) thereunder.[4] 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**

Cboe EDGX Exchange, Inc. (the "Exchange" or "EDGX Options") proposes to adopt Reserve Orders.

(additions are underlined; deletions are [bracketed])

* * * * *

Rules of Cboe EDGX Exchange, Inc.

* * * * *

---

[1]   15 U.S.C. 78s(b)(1).

[2]   17 CFR 240.19b-4.

[3]   15 U.S.C. 78s(b)(3)(A)(iii).

[4]   17 CFR 240.19b-4(f)(6).

Rule 21.1. Definitions

The following definitions apply to Chapter XXI for the trading of options listed on EDGX Options.

(a) – (c) No change.

(d) The term "Order Type" shall mean the unique processing prescribed for designated orders that are eligible for entry into the System, and shall include:

(1) [(Reserved.)]"Reserve Orders" are limit orders that have both a portion of the quantity displayed ("Display Quantity") and a reserve portion of the quantity ("Reserve Quantity") not displayed. Both the Display Quantity and Reserve Quantity of the Reserve Order are available for potential execution against incoming orders. When entering a Reserve Order, a User must instruct the Exchange as to the quantity of the order to be initially displayed by the System ("Max Floor"). If the Display Quantity of a Reserve Order is fully executed, the System will, in accordance with the User's instruction, replenish the Display Quantity from the Reserve Quantity using one of the below replenishment instructions. If the remainder of an order is less than the replenishment amount, the System will display the entire remainder of the order. The System creates a new timestamp for both the Display Quantity and Reserve Quantity of the order each time it is replenished from reserve.

(A) Random Replenishment. An instruction that a User may attach to an order with Reserve Quantity where the System randomly replenishes the Display Quantity for the order with a number of contracts not outside a replenishment range, which equals the Max Floor plus and minus a replenishment value established by the User when entering a Reserve Order with a Random Replenishment instruction.

(B) Fixed Replenishment. For any order that a User does not select Random Replenishment, the System will replenish the Display Quantity of the order with the number of contracts equal to the Max Floor.

(2) – (12) No change.

(e) – (j) No change.

* * * * *

Rule 21.6. Entry of Orders

Users can enter orders into the System, subject to the following requirements and conditions:

(a) Users shall be permitted to transmit to the System multiple orders at a single as well as multiple price levels. <u>Each order will indicate the Reserve Quantity (if applicable).</u>

(b) – (f) No change.

* * * * *

Rule 21.8. Order Display and Book Processing

(a) – (k) No change.

<u>(l) <i>Nondisplayed Orders</i>. Displayed orders have priority over nondisplayed orders. Nondisplayed portions of Reserve Orders are allocated in accordance with paragraph (c) above, but additional priority overlays do not apply, except for the Customer Overlay (if applicable).</u>

* * * * *

The text of the proposed rule change is also available on the Exchange's website

(http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx), at the Exchange's

Office of the Secretary, 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 aspects of such statements.

A.   <u>Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change</u>

1.   <u>Purpose</u>

In 2016, the Exchange's parent company, Cboe Global Markets, Inc. (formerly

named CBOE Holdings, Inc.) ("Cboe Global"), which is also the parent company of Cboe

Exchange, Inc. ("Cboe Options") and Cboe C2 Exchange, Inc. ("C2"), acquired the

Exchange and its affiliated exchanges, Cboe EDGA Exchange, Inc. ("EDGA"), Cboe BZX

Exchange, Inc. ("BZX or BZX Options"), and Cboe BYX Exchange, Inc. ("BYX" and,

together with C2, Cboe Options, EDGX, EDGA, and BZX, the "Cboe Affiliated

Exchanges"). In this context, EDGX Options proposes to align certain system functionality

with C2 and BZX Options. Although the Exchange intentionally offers certain features that

differ from those offered by the Cboe Affiliated Exchange and will continue to do so, the

Exchange believes offering similar functionality to the extent practicable will reduce

potential confusion for market participants.

The proposed rule change adopts Reserve Orders. Reserve Orders permit Users to

enter orders with both displayed and nondisplayed amounts. Specifically, proposed Rule

21.1(d)(1) provides that "Reserve Orders" are limit orders that have both a portion of the

quantity displayed ("Display Quantity") and a reserve portion of the quantity ("Reserve

Quantity") not displayed.[5] Both the Display Quantity and Reserve Quantity of the Reserve

Order are available for potential execution against incoming orders. When entering a

Reserve Order, a User must instruct the Exchange as to the quantity of the order to be

initially displayed by the System ("Max Floor"). If the Display Quantity of a Reserve Order

is fully executed, the System will, in accordance with the User's instruction, replenish the

Display Quantity from the Reserve Quantity using one of two replenishment options, as

described below. If the remainder of an order is less than the replenishment amount, the

System will display the entire remainder of the order. The System creates a new timestamp

for both the Display Quantity and Reserve Quantity of the order each time it is replenished

from reserve.

---

[5]   The proposed change to Rule 21.6(a) states that each order will indicate the
        Reserve Quantity (if applicable).

A User may determine that a Reserve Order should be subject to "Random Replenishment" or "Fixed Replenishment." If a Reserve Order has a Random Replenishment instruction, the System randomly replenishes the Display Quantity for the order with a number of contracts not outside a replenishment range, which equals the Max Floor plus and minus a replenishment value established by the User when entering a Reserve Order with a Random Replenishment instruction. For any order that a User does not select Random Replenishment, the System will replenish the Display Quantity of the order with the number of contracts equal to the Max Floor.

Pursuant to proposed Rule 21.8(l), displayed orders have priority over nondisplayed orders. In other words, while both portions of a Reserve Order may execute against incoming marketable orders, the displayed portion will be executed first, and the non-displayed portion will only execute after all displayed interest (from other orders) at that price has executed. Nondisplayed portions of Reserve Orders are allocated in accordance with Rule 21.8(c), but additional priority overlays will not apply, except for the Customer Overlay (if applicable). Therefore, if there are nondisplayed portions of multiple Reserve Orders at the same price that can execute against an incoming marketable order, those nondisplayed portions will be allocated in a pro-rata manner; however, if the Customer Overlay has been applied to the class, the nondisplayed portion of any Customer Reserve Orders will execute first. The Exchange notes that pursuant to Rule 22.13, Interpretation and Policy .03, with respect to nondisplayed trading interest, including the Reserve Quantity of a Reserve Order, the exposure requirement in Rule 22.13(a) is satisfied if the displayable portion of the order (the Display Quantity) is displayed at its displayable price for one second.

The proposed rule change is substantially the same as the rules of other options exchanges.[6]

  2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the "Act") and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.[7] Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[8] requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and 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. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[9] requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The proposed rule change is generally intended to add certain system functionality currently offered by C2 and BZX Options to the Exchange's System in order to provide a consistent technology offering for the Cboe Affiliated Exchanges. A

---

[6] See, e.g., C2 Rules 1.1 (definition of Reserve order in Order Instruction definition) and 6.12(a)(3); and BZX Options Rules 21.1(d)(1) and 21.8(a)(2).

[7] 15 U.S.C. 78f(b).

[8] 15 U.S.C. 78f(b)(5).

[9] Id.

consistent technology offering, in turn, will simplify the technology implementation, changes and maintenance by Users of the Exchange that are also participants on Cboe Affiliated Exchanges. The proposed rule change will provide Users with additional flexibility to manage and display their orders on the Exchange, as well as increased functionality on the Exchange. This may encourage market participants to bring additional liquidity to the market, which benefits all investors. Additionally, this will provide Users with greater harmonization between the order handling instructions available among the Cboe Affiliated Exchanges.

The proposed rule change also removes impediments to and perfect the mechanism of a free and open market and a national market system because the proposed functionality is available on other options exchanges.[10] The proposed rule change does not propose to implement new or unique functionality that has not been previously filed with the Commission or is not available on Cboe Affiliated Exchanges.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change will not impose a burden on intramarket competition, because the use of Reserve Orders, like all other order instructions available on the Exchange, is voluntary. Reserve Orders entered by all Users will be handled in the same manner. The proposed rule change will not impose a burden on intermarket

---

[10]   See supra note 6.

competition, because Reserve Order functionality is available on other options

exchanges.[11]

      C.   <u>Self-Regulatory Organization's Statement on Comments on the Proposed
Rule Change Received from Members, Participants, or Others</u>

The Exchange neither solicited nor received 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.   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[12] and Rule 19b-4(f)(6)[13] thereunder. 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

necessary or appropriate in the public interest, for the protection of investors, or

otherwise in furtherance of the purposes of the Act. If the Commission takes such action,

the Commission will institute proceedings to determine whether the proposed rule change

should be approved or disapproved.

IV.   Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments

---

[11]   <u>Id.</u>

[12]   15 U.S.C. 78s(b)(3)(A).

[13]   17 CFR 240.19b-4(f)(6).

concerning the foregoing, including whether the proposed rule change 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. Please include File Number

    SR-CboeEDGX-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 Number SR-CboeEDGX-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, D.C. 20549 on official business days between the hours of 10:00 a.m.

and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the

principal office of the Exchange. All comments received will be posted without change;

the Commission does not edit personal identifying information from submissions. You

should submit only information that you wish to make available publicly. All

submissions should refer to File Number SR-CboeEDGX-2018-051 and should be

submitted on or before [insert date 21 days from publication in the Federal Register].

   For the Commission, by the Division of Trading and Markets, pursuant to

delegated authority.[14]

                              Secretary

---

[14]   17 CFR 200.30-3(a)(12).