

Required fields are shown with yellow backgrounds and asterisks.

Filing by Cboe C2 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) *
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
			Rule		
Pilot	Extension of Time Period for Commission Action *	Date Expires *	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<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) *	Section 806(e)(2) *
<input type="checkbox"/>	<input type="checkbox"/>
	Section 3C(b)(2) *
	<input type="checkbox"/>

Exhibit 2 Sent As Paper Document	Exhibit 3 Sent As Paper Document
<input type="checkbox"/>	<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 make certain enhancements to the opening auction process in connection with the implementation of Feature Pack 7.

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 05/16/2019	Vice President, Associate General Counsel
By Laura G. Dickman	
(Name *)	

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.

Item 1. Text of the Proposed Rule Change

(a) Cboe C2 Exchange, Inc. (the “Exchange” or “C2”) proposes to amend Rule 6.11. The text of the proposed rule change is provided in Exhibit 5.

(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 May 16, 2019. The Exchange will announce to Trading Permit Holders the implementation date for the proposed rule change, which is currently expected to be June 17, 2019.

(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 C2 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

The proposed rule change makes enhancements to the Exchange’s opening auction process. The Exchange recently adopted an opening auction process, which the Exchange intends to implement on June 17, 2019.¹ The Exchange intends to implement the enhancements proposed in this rule filing at that time.

¹ See Securities Exchange Act Release No. 85788 (May 6, 2019), 84 FR 20673 (May 10, 2019), SR-C2-2019-009. The changes in SR-C2-2019-009 are currently effective but not yet operative; however, the proposed rule text in this rule filing assume operativeness of those effective changes.

First, the proposed rule change amends the definition of Composite Market in Rule 6.11(a). The term “Composite Market” means the market for a series comprised of (1) the higher of the then-current best appointed Market-Maker bulk message bid on the Queuing Book and the away best bid (“ABB”) (if there is an ABB) and (2) the lower of the then-current best appointed Market-Maker bulk message offer on the Queuing Book and the away best offer (“ABO”) (if there is an ABO).² The Queuing Book means the book into which Users may submit orders and quotes (and onto which good-til-cancelled and good-til-day orders remaining on the Book from the previous trading session or trading day, as applicable, are entered) during the Queuing Period for participation in the applicable opening rotation. The Queuing Period means the time period prior to the initiation of an opening rotation during which the System accepts orders and quotes for participation in the opening rotation for the applicable trading session. Therefore, in an All Sessions Class (*i.e.*, a class that trades during both the Global Trading Hours (“GTH”) and Regular Trading Hours (“RTH”) trading sessions), the Composite Market will be based on the appointed Market-Maker bulk message bids and offers in the RTH Queuing Book (available from 7:30 a.m. through the opening of trading). It currently will not consider any appointed Market-Maker bulk message bids and offers in that class in the GTH book (on which trading will be occurring in that class from 8:30 a.m. through 9:15 a.m.).

Market-Makers are generally responsible for pricing the markets in their appointed classes, which is why the Exchange considers Market-Makers’ bulk message bids and offers when determining the Composite Market in connection with the opening auction process. For that reason, the price protection measures applied during the opening auction process

² The term “Composite Bid (Offer)” means the bid (offer) used to determine the Composite Market.

(the Maximum Composite Width check and the Opening Collar) are based on the Composite Market. The Exchange believes it would be beneficial, and may lead to more accurate pricing during the opening auction process, for the Composite Market to be used for the RTH opening auction process to incorporate all available bulk message bids and offers from appointed Market-Makers, including any in the GTH book. Therefore, the proposed rule change amends the definition of Composite Market to provide that it will be comprised of the higher (lower) of the then-current best appointed Market-Maker bulk message bid (offer) on the Exchange (which includes both the RTH Queuing Book and the GTH book), rather than just the Queuing Book.

Second, the proposed rule change amends Rule 6.11(e)(1) to provide that a series is not eligible to open if the Composite Market is crossed (*i.e.*, the Composite Bid is higher than the Composite Offer). A series will be eligible to open if the Composite Width is less than or equal to the Maximum Composite Width, or is greater than the Maximum Composite Width but there are no non-M Capacity market orders or buy (sell) limit orders with prices higher (lower) than the Composite Bid (Offer) and no orders or quotes marketable against each other (*i.e.*, locked or crossed).³ The Maximum Composite Width Check is a price protection measure intended to prevent orders from executing at extreme prices at the open. A crossed market is generally unreliable, and opening with a crossed Composite Market may create price risk for any executions that may occur during the opening rotation (pursuant to subparagraph (e)(3)). Therefore, the proposed rule change

³ The proposed rule change makes a nonsubstantive change to this language in Rule 6.11(e)(1)(B). Once a series satisfies the conditions in the Maximum Composite Width Check, the System will determine an Opening Trading Price pursuant to Rule 6.11(e)(2), and then open the series pursuant to Rule 6.11(e)(3).

enhances the Maximum Composite Width check price protection to provide that the Composite Market may not be crossed for a series to be eligible to open.

Third, the proposed rule change harmonizes how the opening auction process will be used following all trading halts. Current Rule 6.11(g) provides that if there is a Regulatory Halt,⁴ the Queuing Period begins immediately when the Exchange halts trading in the class. If the Exchange declares any other type of halt in a class (*i.e.*, a non-Regulatory Halt), there will be no Queuing Period. Additionally, if there is a Regulatory Halt, the System queues a User's open orders or quotes, unless the User entered instructions to cancel its open resting orders and quotes, but if there is a non-Regulatory Halt, the System cancels a User's open orders and quotes. The Exchange has determined to eliminate the distinction between how the opening auction process applies following a Regulatory Halt and a non-Regulatory Halt. The proposed rule change provides that the opening auction process following any trading halt will apply in the manner it currently applies following a Regulatory Halt. In other words, following a non-Regulatory Halt, there will be a Queuing Period during the trading halt. Additionally, in the event of a non-Regulatory Halt, the System will queue a User's orders and quotes resting on the book at the time of the trading halt for participation in the opening rotation following the trading halt, unless the User entered instructions to cancel its resting orders and quotes. This will provide Users with the ability to decide how its resting orders and quotes should be handled in the event of a non-Regulatory Halt, as they are currently able to do in the event of a Regulatory Halt. The Exchange also believes

⁴ If the primary market for the applicable underlying security declares a regulatory trading halt, suspension, or pause with respect to such security, it is referred to as a "Regulatory Halt."

elimination of this distinction will eliminate potential investor confusion regarding how the System will handle orders and quotes in the event of a trading halt.⁵

Finally, the proposed rule change makes several nonsubstantive changes in Rule 6.11:

- The proposed rule change makes a grammatical change in subparagraph (b)(2).
- The proposed rule change adds the word “process” in subparagraph (b)(2)(E) after the term “opening auction,” as it was inadvertently omitted (throughout Rule 6.11, the entire opening is referred to as the “opening auction process”).
- The proposed rule change updates subparagraph (e)(2) to clarify when the System will and will not be able to determine an Opening Trade Price. The System determines an Opening Trade Price if there are orders and quotes marketable against each other at a price not outside the Opening Collar (this is consistent with the current rule, which states there is no Opening Trade Price if there are no locked or crossed orders or quotes (*i.e.*, marketable orders and quotes) at a price not outside the Opening Collar). The proposed rule change merely modifies the language, which the Exchange believes is clearer, and makes corresponding changes to the paragraph numbering and lettering. Additionally, the proposed rule change adds the defined term “VMIM price”, which is the price determined by the process described in current subparagraphs (e)(2)(A)(i) through (iii) (proposed subparagraphs (e)(2)(A) through (3)). The proposed rule change does not modify the process used to determine that price.

⁵ The proposed rule change also makes nonsubstantive changes to paragraph (g).

(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.⁶ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁷ 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)⁸ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the proposed revision to the definition of Composite Market will remove impediments to and perfect the mechanism of a free and open market and a national market system and protect investors, because it will ensure the price protection measures used during the opening auction process, which are based on the Composite Market, for the RTH opening in an All Sessions Class will incorporate all available pricing information on the Exchange from appointed Market-Makers in that class. The Exchange believes this may lead to a more accurate Opening Trade Price. The proposed

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(5).

⁸ Id.

rule change to not open a series if the Composite Market is crossed will promote just and equitable principles of trade and protect investors, because crossed markets are generally unreliable. The Exchange believes not opening a series if the Composite Market is crossed may reduce the risk of erroneously priced executions during the opening rotation. The proposed rule change to harmonize the opening auction process following all types of trading halts will protect investors by eliminating potential confusion regarding how the Exchange will open series following trading halts, and by providing Users with flexibility regarding how the System will handle their orders and quotes following a non-Regulatory Halt (as they currently have following a Regulatory Halt). The proposed nonsubstantive changes will benefit investors by providing additional clarity to the Rules.

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 any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed changes to the price protection measures used during the opening auction process will apply in the same manner to all orders and quotes of all Users. All Users will have the same flexibility regarding how the System will handle their orders and quotes following non-Regulatory Halts, which is the same flexibility currently available to Users following Regulatory Halts. If a User wants its orders and quotes to be handled following a non-Regulatory Halt in the manner they are today, that User can instruct the Exchange to do so. The proposed rule change will not impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed changes to the price protections used during the opening auction process

only impact how series will open on the Exchange prior to the opening of trading. The proposed changes are intended to enhance the price protections used during the opening process and are not intended as competitive changes, and to provide Users with flexibility with respect to the handling of their orders and quotes following a non-Regulatory Halt. The proposed nonsubstantive changes do not impact trading, and thus have no competitive impact; they merely provide additional clarity to the Rules.

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 Act⁹ and Rule 19b-4(f)(6)¹⁰ thereunder.

(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

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 17 CFR 240.19b-4(f)(6).

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 will not significantly affect the protection of investors or the public interest. The Exchange believes the proposed rule change will ensure the price protection measures used during the opening auction process, which are based on the Composite Market, for the RTH opening in an All Sessions Class will incorporate all available pricing information on the Exchange from appointed Market-Makers in that class, which may lead to a more accurate Opening Trade Price. Additionally, the Exchange believes not opening a series if the Composite Market is crossed may reduce the risk of erroneously priced executions during the opening rotation. The proposed rule change to harmonize the opening auction process following all types of trading halts will eliminate potential investor confusion regarding how the Exchange will open series following trading halts, and will provide Users with flexibility regarding how the System will handle their orders and quotes following a non-Regulatory Halt (as they currently have following a Regulatory Halt). The proposed nonsubstantive changes will benefit investors by providing additional clarity to the Rules.

The proposed rule change will not impose any significant burden on competition. The proposed changes to the price protection measures used during the opening auction process will apply in the same manner to all orders and quotes of all Users. All Users will have the same flexibility regarding how the System will handle their orders and quotes following non-Regulatory Halts, which is the same flexibility currently available to Users following Regulatory Halts. Additionally, the proposed changes to the price

protections used during the opening auction process only impact how series will open on the Exchange prior to the opening of trading. The proposed changes are intended to enhance the price protections used during the opening process and are not intended as competitive changes, and to provide Users with flexibility with respect to the handling of their orders and quotes following a non-Regulatory Halt. The proposed nonsubstantive changes do not impact trading, and thus have no competitive impact; they merely provide additional clarity to the Rules.

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.

(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 not based on a rule either of another self-regulatory organization or of the Commission.

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 5. Proposed rule text.

EXHIBIT 1**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34- ; File No. SR-C2-2019-011]

[Insert date]

Self-Regulatory Organizations; Cboe C2 Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Amend Rule 6.11

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 C2 Exchange, Inc. (the “Exchange” or “C2”) 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 Act³ 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 C2 Exchange, Inc. (the “Exchange” or “C2”) proposes to amend Rule 6.11.

The text of the proposed rule change is provided in Exhibit 5.

The text of the proposed rule change is also available on the Exchange’s website (http://markets.cboe.com/us/options/regulation/rule_filings/ctwo/), at the Exchange’s Office of the Secretary, and at the Commission’s Public Reference Room.

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).

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

1. Purpose

The proposed rule change makes enhancements to the Exchange’s opening auction process. The Exchange recently adopted an opening auction process, which the Exchange intends to implement on June 17, 2019.⁵ The Exchange intends to implement the enhancements proposed in this rule filing at that time.

First, the proposed rule change amends the definition of Composite Market in Rule 6.11(a). The term “Composite Market” means the market for a series comprised of (1) the higher of the then-current best appointed Market-Maker bulk message bid on the Queuing Book and the away best bid (“ABB”) (if there is an ABB) and (2) the lower of the then-current best appointed Market-Maker bulk message offer on the Queuing Book and the away best offer (“ABO”) (if there is an ABO).⁶ The Queuing Book means the book into which Users may submit orders and quotes (and onto which good-til-cancelled and good-til-

⁵ See Securities Exchange Act Release No. 85788 (May 6, 2019), 84 FR 20673 (May 10, 2019), SR-C2-2019-009. The changes in SR-C2-2019-009 are currently effective but not yet operative; however, the proposed rule text in this rule filing assume operativeness of those effective changes.

⁶ The term “Composite Bid (Offer)” means the bid (offer) used to determine the Composite Market.

day orders remaining on the Book from the previous trading session or trading day, as applicable, are entered) during the Queuing Period for participation in the applicable opening rotation. The Queuing Period means the time period prior to the initiation of an opening rotation during which the System accepts orders and quotes for participation in the opening rotation for the applicable trading session. Therefore, in an All Sessions Class (*i.e.*, a class that trades during both the Global Trading Hours (“GTH”) and Regular Trading Hours (“RTH”) trading sessions), the Composite Market will be based on the appointed Market-Maker bulk message bids and offers in the RTH Queuing Book (available from 7:30 a.m. through the opening of trading). It currently will not consider any appointed Market-Maker bulk message bids and offers in that class in the GTH book (on which trading will be occurring in that class from 8:30 a.m. through 9:15 a.m.).

Market-Makers are generally responsible for pricing the markets in their appointed classes, which is why the Exchange considers Market-Makers’ bulk message bids and offers when determining the Composite Market in connection with the opening auction process. For that reason, the price protection measures applied during the opening auction process (the Maximum Composite Width check and the Opening Collar) are based on the Composite Market. The Exchange believes it would be beneficial, and may lead to more accurate pricing during the opening auction process, for the Composite Market to be used for the RTH opening auction process to incorporate all available bulk message bids and offers from appointed Market-Makers, including any in the GTH book. Therefore, the proposed rule change amends the definition of Composite Market to provide that it will be comprised of the higher (lower) of the then-current best appointed Market-Maker bulk

message bid (offer) on the Exchange (which includes both the RTH Queuing Book and the GTH book), rather than just the Queuing Book.

Second, the proposed rule change amends Rule 6.11(e)(1) to provide that a series is not eligible to open if the Composite Market is crossed (*i.e.*, the Composite Bid is higher than the Composite Offer). A series will be eligible to open if the Composite Width is less than or equal to the Maximum Composite Width, or is greater than the Maximum Composite Width but there are no non-M Capacity market orders or buy (sell) limit orders with prices higher (lower) than the Composite Bid (Offer) and no orders or quotes marketable against each other (*i.e.*, locked or crossed).⁷ The Maximum Composite Width Check is a price protection measure intended to prevent orders from executing at extreme prices at the open. A crossed market is generally unreliable, and opening with a crossed Composite Market may create price risk for any executions that may occur during the opening rotation (pursuant to subparagraph (e)(3)). Therefore, the proposed rule change enhances the Maximum Composite Width check price protection to provide that the Composite Market may not be crossed for a series to be eligible to open.

Third, the proposed rule change harmonizes how the opening auction process will be used following all trading halts. Current Rule 6.11(g) provides that if there is a Regulatory Halt,⁸ the Queuing Period begins immediately when the Exchange halts trading in the class. If the Exchange declares any other type of halt in a class (*i.e.*, a non-Regulatory Halt), there

⁷ The proposed rule change makes a nonsubstantive change to this language in Rule 6.11(e)(1)(B). Once a series satisfies the conditions in the Maximum Composite Width Check, the System will determine an Opening Trading Price pursuant to Rule 6.11(e)(2), and then open the series pursuant to Rule 6.11(e)(3).

⁸ If the primary market for the applicable underlying security declares a regulatory trading halt, suspension, or pause with respect to such security, it is referred to as a “Regulatory Halt.”

will be no Queuing Period. Additionally, if there is a Regulatory Halt, the System queues a User's open orders or quotes, unless the User entered instructions to cancel its open resting orders and quotes, but if there is a non-Regulatory Halt, the System cancels a User's open orders and quotes. The Exchange has determined to eliminate the distinction between how the opening auction process applies following a Regulatory Halt and a non-Regulatory Halt. The proposed rule change provides that the opening auction process following any trading halt will apply in the manner it currently applies following a Regulatory Halt. In other words, following a non-Regulatory Halt, there will be a Queuing Period during the trading halt. Additionally, in the event of a non-Regulatory Halt, the System will queue a User's orders and quotes resting on the book at the time of the trading halt for participation in the opening rotation following the trading halt, unless the User entered instructions to cancel its resting orders and quotes. This will provide Users with the ability to decide how its resting orders and quotes should be handled in the event of a non-Regulatory Halt, as they are currently able to do in the event of a Regulatory Halt. The Exchange also believes elimination of this distinction will eliminate potential investor confusion regarding how the System will handle orders and quotes in the event of a trading halt.⁹

Finally, the proposed rule change makes several nonsubstantive changes in Rule 6.11:

- The proposed rule change makes a grammatical change in subparagraph (b)(2).
- The proposed rule change adds the word "process" in subparagraph (b)(2)(E) after the term "opening auction," as it was inadvertently omitted

⁹ The proposed rule change also makes nonsubstantive changes to paragraph (g).

(throughout Rule 6.11, the entire opening is referred to as the “opening auction process”).

The proposed rule change updates subparagraph (e)(2) to clarify when the System will and will not be able to determine an Opening Trade Price. The System determines an Opening Trade Price if there are orders and quotes marketable against each other at a price not outside the Opening Collar (this is consistent with the current rule, which states there is no Opening Trade Price if there are no locked or crossed orders or quotes (*i.e.*, marketable orders and quotes) at a price not outside the Opening Collar). The proposed rule change merely modifies the language, which the Exchange believes is clearer, and makes corresponding changes to the paragraph numbering and lettering. Additionally, the proposed rule change adds the defined term “VMIM price”, which is the price determined by the process described in current subparagraphs (e)(2)(A)(i) through (iii) (proposed subparagraphs (e)(2)(A) through (3)). The proposed rule change does not modify the process used to determine that price.

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.¹⁰ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹¹ requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles

¹⁰ 15 U.S.C. 78f(b).

¹¹ 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)¹² requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the proposed revision to the definition of Composite Market will remove impediments to and perfect the mechanism of a free and open market and a national market system and protect investors, because it will ensure the price protection measures used during the opening auction process, which are based on the Composite Market, for the RTH opening in an All Sessions Class will incorporate all available pricing information on the Exchange from appointed Market-Makers in that class. The Exchange believes this may lead to a more accurate Opening Trade Price. The proposed rule change to not open a series if the Composite Market is crossed will promote just and equitable principles of trade and protect investors, because crossed markets are generally unreliable. The Exchange believes not opening a series if the Composite Market is crossed may reduce the risk of erroneously priced executions during the opening rotation. The proposed rule change to harmonize the opening auction process following all types of trading halts will protect investors by eliminating potential confusion regarding how the Exchange will open series following trading halts, and by providing Users with flexibility regarding how the System will handle their orders and quotes following a non-

¹² Id.

Regulatory Halt (as they currently have following a Regulatory Halt). The proposed nonsubstantive changes will benefit investors by providing additional clarity to the Rules.

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 any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed changes to the price protection measures used during the opening auction process will apply in the same manner to all orders and quotes of all Users. All Users will have the same flexibility regarding how the System will handle their orders and quotes following non-Regulatory Halts, which is the same flexibility currently available to Users following Regulatory Halts. If a User wants its orders and quotes to be handled following a non-Regulatory Halt in the manner they are today, that User can instruct the Exchange to do so. The proposed rule change will not impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed changes to the price protections used during the opening auction process only impact how series will open on the Exchange prior to the opening of trading. The proposed changes are intended to enhance the price protections used during the opening process and are not intended as competitive changes, and to provide Users with flexibility with respect to the handling of their orders and quotes following a non-Regulatory Halt. The proposed nonsubstantive changes do not impact trading, and thus have no competitive impact; they merely provide additional clarity to the Rules.

C. 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.

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 Act¹³ and Rule 19b-4(f)(6)¹⁴ 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 concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

¹³ 15 U.S.C. 78s(b)(3)(A).

¹⁴ 17 CFR 240.19b-4(f)(6).

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-C2-2019-011 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-C2-2019-011. 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-C2-2019-011 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.¹⁵

Secretary

¹⁵ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

(additions are underlined; deletions are [bracketed])

* * * * *

Rules of Cboe C2 Exchange, Inc.

* * * * *

Rule 6.11. Opening Auction Process

(a) *Definitions.* For purposes of the opening auction process in this Rule 6.11, the following terms have the meaning below. A term defined elsewhere in the Rules has the same meaning with respect to this Rule 6.11, unless otherwise defined below.

Composite Market

The term “Composite Market” means the market for a series comprised of (1) the higher of the then-current best appointed Market-Maker bulk message bid on the [Queuing Book]Exchange and the ABB (if there is an ABB) and (2) the lower of the then-current best appointed Market-Maker bulk message offer on the [Queuing Book]Exchange and the ABO (if there is an ABO). The term “Composite Bid (Offer)” means the bid (offer) used to determine the Composite Market.

* * * * *

(b) *Queuing Period.*

(1) No change.

(2) *Orders and Quotes.* Orders and quotes on the Queuing Book are not eligible for execution until the opening rotation pursuant to paragraph (e) below. During the Queuing Period, [T]the System accepts all orders and quotes that are available for a class and trading session pursuant to Rule 6.10(a)[during the Queuing Period, which], and they are all eligible for execution during the opening rotation, except as follows:

(A) – (D)

(E) complex orders do not participate in the opening auction process described in this Rule 6.11 and instead may participate in the COB Opening Process pursuant to Rule 6.13(c).

(c) – (d) No change.

(e) *Opening Rotation.* After the System initiates the opening rotation for a series pursuant to paragraph (d) above, the System conducts the opening rotation as follows.

(1) *Maximum Composite Width Check.*

(A) If the Composite Market of a series is not crossed, and the Composite Width of [a]the series is less than or equal to the Maximum Composite Width, the series is eligible to open (and the System determines the Opening Trade Price pursuant to subparagraph (2) below).

(B) If the Composite Market of a series is not crossed, and the Composite Width of [a]the series is greater than the Maximum Composite Width, but there are (i) no non-M Capacity (a) market orders or (b) buy (sell) limit orders with prices higher (lower) than the Composite Bid (Offer) and (ii) no [locked or crossed] orders or quotes marketable against each other, the series is eligible to open (and the System determines the Opening Trade Price pursuant to subparagraph (2) below).

(C) If the conditions in neither subparagraph (A) nor (B) are satisfied for a series, the series is ineligible to open. The Queuing Period for the series continues (including the dissemination of opening auction updates) until one of the conditions in subparagraph (A) or (B) for the series is satisfied, or the Exchange opens the series pursuant to paragraph (h).

(2) *Opening Trade Price Determination.* After a series satisfies the Maximum Composite Width Check in subparagraph (1), if there are orders and quotes marketable against each other at a price not outside the Opening Collar, the System determines the Opening Trade Price for the series. If there are no such orders or quotes, there is no Opening Trade Price. [(A) *Opening Trade Price.*] The Opening Trade Price is the volume-maximizing, imbalance minimizing price (“VMIM price”) that is not outside the Opening Collar. The VMIM price is [and]:

[(i)]A) the price at which the largest number of contracts can execute (*i.e.*, the volume-maximizing price);

[(ii)]B) if there are multiple volume-maximizing prices, the price at which the fewest number of contracts remain unexecuted (*i.e.*, the imbalance-minimizing price); or

[(iii)]C) if there are multiple volume-maximizing, imbalance-minimizing prices, [(A)]i) the highest (lowest) price, if there is a buy (sell) imbalance, or [(B)]ii) the price at or nearest to the midpoint of the Opening Collar, if there is no imbalance.

[(B) *No Opening Trade Price.* There is no Opening Trade Price if there are no locked or crossed orders or quotes at a price not outside the Opening Collar.]

(3) No change.

(f) No change.

(g) *Opening Auction Process Following Trading Halts.* The Exchange opens series using the same opening auction process described in this Rule following a trading halt in the class declared by the Exchange pursuant to Rule 6.32, except:

(1) *Queuing Period.* [If the primary market for the applicable underlying security declares a regulatory trading halt, suspension, or pause with respect to such security (a “Regulatory Halt”), t]The Queuing Period begins immediately when the Exchange halts trading in the class[series]. [If there is a non-Regulatory Halt pursuant to Rule 6.32, there is no Queuing Period.]

(2) *Open Orders.* [The System queues]If a User[’s] has [open] orders or quotes resting on the Book at the time of a trading halt, the System queues those orders and quotes in the Queuing Book for participation in the opening rotation following the trading halt [if there is a Regulatory Halt], unless the User entered instructions to cancel its [open]resting orders and quotes. [there is a Regulatory Halt, for participation in the opening rotation following the Regulatory Halt. The System cancels a User’s open orders and quotes if there is a non-Regulatory Halt.]

(3) *Opening Time.* [Following a trading halt, t]The System initiates the opening rotation for a class [opens a series once the primary market lifts the Regulatory Halt or] upon the Exchange’s determination to resume trading pursuant to Rule 6.32. [that the conditions that led to the halt are no longer present or that the interests of a fair and orderly market are best served by a resumption of trading.]

* * * * *