

OMB APPROVAL

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Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 24	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2019 - * 049 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 <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)
Pilot <input type="checkbox"/> Extension of Time Period for Commission Action * <input type="checkbox"/> Date Expires *		
Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010 Section 806(e)(1) * <input type="checkbox"/> Section 806(e)(2) * <input type="checkbox"/>		Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 Section 3C(b)(2) * <input type="checkbox"/>
Exhibit 2 Sent As Paper Document <input checked="" type="checkbox"/> Exhibit 3 Sent As Paper Document <input checked="" type="checkbox"/>		
Description Provide a brief description of the action (limit 250 characters, required when Initial is checked *). <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> The Exchange proposes to allow for a User to elect that a bulk message opt-out of the display-price sliding process, as well as be subject to the lock-only display-price sliding process. </div>		
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 * Rebecca Last Name * Tenuta Title * Counsel E-mail * rtenuta@cboe.com Telephone * (312) 786-7068 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. <div style="text-align: right;">(Title *)</div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div> Date 06/04/2019 By Rebecca Tenuta (Name *) </div> <div style="border: 1px solid black; padding: 5px; width: 60%;"> Counsel </div> </div> <div style="margin-top: 10px;"> 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. <div style="text-align: center; margin-top: 5px;"> rtenuta@cboe.com </div> </div>		

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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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 *

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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 *

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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

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Exhibit Sent As Paper Document

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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

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Exhibit Sent As Paper Document

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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

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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

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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

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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 BZX Exchange, Inc. (the “Exchange” or “BZX Options”) proposes to update its Rule 21.1(h) to allow for a User to elect that a bulk message opt-out of the display-price sliding process, as well as be subject to the lock-only display-price sliding process. 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 April 18, 2019. The Exchange intends to implement the proposed rule change on or about July 8, 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 Rebecca Tenuta, (312) 786-7068, Cboe BZX 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 Exchange proposes to amend its rules to allow for a User to elect that a bulk message be subject to the lock-only display-price sliding process under Rule 21.1(h), as well as instruct a bulk message not be subject to the display-price sliding process. The Exchange is proposing this change in order to provide Users that submit bulk messages with functionality that is currently available to them for orders.

In December 2018, the Exchange adopted bulk messaging functionality, in which a User may enter, modify or cancel up to an Exchange-specified number of bids and offers in a single message. A User may submit a bulk message through a bulk port.¹ The System² handles bulk message bids and offers in the same manner as it handles an order, or quote if submitted by a Market Maker, unless the Rules specify otherwise. Bulk message functionality was implemented by the Exchange as a way for Users to efficiently update (e.g. modify, cancel, etc.) and designate order types for multiple bids and offers within a single message. Currently, Rule 21.1(h)(1) provides that an order (including a bulk message)³ that, at the time of entry, would lock or cross a Protected Quotation of another options exchange will be ranked at the locking price in the BZX Options Book and displayed by the System at one minimum price variation below the current NBO (for bids) or to one minimum price variation above the current NBB (for offers).⁴ Under current Rule 21.1(h)(1) a User may elect to have the System only apply display-price sliding to the extent an order at the time of entry would lock a Protected Quotation of another options exchange (“lock-only”). Orders under the lock-only option will be cancelled if, upon entry, such order would cross a Protected Quotation of another options exchange. The lock-only display-price sliding option is a variation of display-price sliding that is intended to allow Users to re-evaluate their orders and/or strategies in the event they are submitting orders to the

¹ The “System” is the automated trading system used by BZX Options for the trading of options contracts. See Rule 21.1(1)(3)

² See Rule 16.1(a)(60).

³ The Exchange notes that the display-price sliding designation, as well as the proposed opt-out and lock-only designations for a bulk message applies to all bulk message bids and offers within a single message.

⁴ In accordance with the linkage rules. See Chapter XXVII of the Rules. See also Options Order Protection and Locked/Crossed Market Plan (the “Linkage Plan”).

Exchange that are crossing the market.⁵ Furthermore, Rule 21.1(h) does not currently state that a User may designate orders or bulk messages to not be subject to the display-price sliding process. However, the ability for Users to opt-out of the display-price sliding process currently exists for a User's orders and is provided for under various other Exchange Rules.⁶ Current Rule 21.1(h)(1) states that display-price sliding applies to all bulk messages, and, as such, a User is currently unable to elect the lock-only or opt-out process (as currently provided for in other Exchange Rules) for bulk messages.

The Exchange now proposes to amend Rule 21.1(h)(1) to remove the language that applies display-price sliding to all bulk messages, therefore, subjecting bulk messages, like orders, to a User's election to have the System only apply the lock-only display-price sliding option or to opt-out of the display-price sliding process, pursuant to other Exchange Rules and as proposed (as described below). The Exchange notes that the lock-only and opt-out designations, as applicable, for bulk messages will apply to all bulk message bids and offers within a single message.

Additionally, the Exchange proposes to explicitly state under Rule 21.1(h)(1) that a User may enter instructions for an order (including bulk messages) not to be subject to the display-price sliding process. As stated, the ability for Users to opt-out of the display-price sliding process currently exists for a User's orders under other Exchange Rules.⁷ The Exchange is now proposing to make this existing instruction explicit under the display-price

⁵ See Securities Exchange Act No. 67657 (August 14, 2012), 77 FR 50199 (August 20, 2012) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change by BATS Exchange, Inc. To Amend BATS Rules Related to Price Sliding Functionality) (SR-BATS-2012-035).

⁶ See Rules 21.1(d)(6)-(9).

⁷ Id.

sliding provision and applicable to a User's orders and bulk messages. The proposed opt-out instruction is based on a similar re-pricing opt-out instruction under Rule 6.12(b) of the Exchange's affiliated exchange, Cboe C2 Exchange, Inc. ("C2").⁸

The Exchange believes that as bulk messages have become more widely-used, Users would benefit from the expansion of the lock-only functionality and functionality to opt-out of the display-price sliding process for bulk messages, both of which are currently available for Users' orders. The Exchange believes that this proposed change provides Users with the flexibility to apply functionality currently available for their orders to their bulk messages. As proposed, Users will be able to instruct bulk message bids and offers not to be subject to display-price sliding and able to elect the lock-only option for bulk message bids and offers.

(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.⁹

Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹⁰ 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

⁸ The Exchange notes that C2 is simultaneously proposing to include bulk messages in its re-pricing process.

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(5).

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

In particular, the Exchange believes that the proposed rule change allowing Users to elect that lock-only display-price sliding apply to bulk messages, and that the System cancel any such bulk message that would cross another options exchange, will remove impediments to and perfect the mechanism of a free and open market because it provides Users with the flexibility to apply to bulk messages the same order handling functionality as they may apply to their orders. The Exchange also believes that the proposed change is consistent with the requirement that the rules facilitate transactions in securities, as well as remove impediments to and perfect the mechanism of a free and open market, because it will allow Users an additional opportunity to respond to continuously changing market conditions. The lock-only option provides Users an opportunity to re-evaluate the price and/or strategy for bulk messages submitted that have been rejected for crossing another exchange. The Exchange believes that the ability to elect the lock-only option for bulk messages will give Users greater flexibility and control over the circumstances under which their orders are able to interact with contra side-interest. The Exchange notes that the lock-only option for bulk messages will also serve to protect investors because it is an additional protection mechanism that mitigates potential risk associated with Users submitting bulk messages at prices that are too aggressive or potentially erroneous. Furthermore, the proposed application of the lock-only option to bulk messages prevents

¹¹ Id.

the display of a locked or crossed market which is consistent with the Linkage Plan,¹² thus, perfecting the mechanism of a free and open market and national market system and protecting investors.

The Exchange also believes that codifying the opt-out instruction within Rule 21.1(h) will protect investors by making this instruction, which exists under other Exchange Rules,¹³ explicit within the display-price sliding process provision, thereby making the rules easier to understand for investors. Furthermore, by allowing for a User to enter instructions for a bulk message not to be subject to the display-price sliding process under Rule 21.1(h)(1) this proposed change will serve to remove impediments to and perfect the mechanism of a free and open market and a national market system as it provides Users with additional flexibility regarding how they want the System to handle their orders and bulk messages. The Exchange notes that this is an additional way to ensure compliance with the linkage rules for both orders and bulk messages,¹⁴ thereby protecting investors and the public interest. Additionally, this change is consistent with the re-pricing process under Rule 6.12(b) of the Exchange's affiliated exchange, C2. The Exchange believes that mirroring the corresponding C2 opt-out instruction language will provide for better understanding for Users participating across the 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 Exchange does not believe the proposed rule change will impose any

¹² See supra note 4.

¹³ See supra note 6.

¹⁴ See supra note 4.

burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act, as the proposed application of the lock-only display-price sliding election and opt-out instructions to bulk messages will be available to all Users. The Exchange also notes that the opt-out and lock-only options are already available to all Users for their orders, and will apply to bulk messages in the same manner as they apply to orders.

The Exchange does not believe the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act, because it will provide Users with an opt-out instruction option and a lock-only price sliding option for bulk messages that is similar to other opt-out and lock-only price sliding options available on other exchanges.¹⁵ The Exchange believes the proposed functionality will permit the Exchange to operate on an even playing field relative to other exchanges that have similar functionality.

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.

¹⁵ See C2 Rule 6.12(b) and NYSE Chicago Article 1, Rule 2 (b)(1)(C)(iii).

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 Act¹⁶ and Rule 19b-4(f)(6)¹⁷ 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 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 to apply the opt-out instruction and lock-only display price sliding option to bulk messages will not significantly affect the protection of investors or the public interest because it provides Users with the flexibility to treat bulk messages in the same manner as their orders are treated today. The Exchange notes that allowing Users to elect the opt-out and/or lock-only option for bulk messages does not present any novel functionality for Users, as Users are currently able to elect to update and designate bulk messages (i.e. update and/or designate bulk message bids and offers within a single message) in the same manner today.

¹⁶ 15 U.S.C. 78s(b)(3)(A).

¹⁷ 17 CFR 240.19b-4(f)(6).

The Exchange believes that the proposed amendment to explicitly state that a User may enter instructions for an order and/or bulk message not to be subject to the display-price sliding process under Rule 21.1(h) does not significantly affect the protection of investors, but rather serves to benefit investors by providing that the display-price sliding provision accurately reflect the opt-out functionality already available for Users' orders (and bulk messages as proposed) under various other Exchange Rules.¹⁸

The Exchange also believes that allowing Users to subject bulk messages to the lock-only option serves to protect investors because it allows Users an additional opportunity to respond to continuously changing market conditions by the ability to re-evaluate the price and/or strategy for bulk messages submitted that have been rejected for crossing another exchange. The Exchange believes that investors will benefit from this proposed change because the lock-only option for bulk messages will allow for greater flexibility and control over the circumstances under which Users' orders are able to interact with contra side-interest. Additionally, the Exchange notes that the proposed change will serve as an additional protection mechanism for bulk messages by mitigating potential risk associated with Users submitting bulk messages at prices that are too aggressive or potentially erroneous.

The Exchange does not believe that the proposed rule change will impose any significant burden on competition. As stated, all Users will have the option whether to subject bulk messages to the lock-only display-price sliding process or to opt-out of such process, which are already available to Users for their orders. In addition, the Exchange does not believe that the proposed rule change will impose any significant burden on

¹⁸ See supra note 6.

competition because similar functionality for bulk messages (or quotes, the bulk messages equivalent) is available on other exchanges.¹⁹

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 change to add opt-out instructions to Rule 21.1(h)(1) is substantively identical to corresponding language under Rule 6.12(b) of the Exchange’s affiliated exchange, C2 (save for the differing cross-references). The Exchange notes that C2 is simultaneously proposing to add bulk messages to its re-pricing process under Rule 6.12(b)

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

Not applicable.

¹⁹ See supra note 15.

**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-CboeBZX-2019-049]

[Insert date]

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Update its Rule 21.1(h) to Allow for a User to Elect that a Bulk Message Opt-Out of the Display-Price Sliding Process, as well as be Subject to the Lock-only Display-Price Sliding Process

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 BZX Exchange, Inc. (the “Exchange” or “BZX”) 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 BZX Exchange, Inc. (the “Exchange” or “BZX Options”) proposes to update its Rule 21.1(h) to allow for a User to elect that a bulk message opt-out of the display-price sliding process, as well as be subject to the lock-only display-price sliding process. The text of the proposed rule change is provided in Exhibit 5.

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).

The text of the proposed rule change is also available on the Exchange's website (http://markets.cboe.com/us/equities/regulation/rule_filings/bzx/), 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. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend its rules to allow for a User to elect that a bulk message be subject to the lock-only display-price sliding process under Rule 21.1(h), as well as instruct a bulk message not be subject to the display-price sliding process. The Exchange is proposing this change in order to provide Users that submit bulk messages with functionality that is currently available to them for orders.

In December 2018, the Exchange adopted bulk messaging functionality, in which a User may enter, modify or cancel up to an Exchange-specified number of bids and offers in a single message. A User may submit a bulk message through a bulk port.⁵ The System⁶ handles bulk message bids and offers in the same manner as it handles an order, or quote if

⁵ The "System" is the automated trading system used by BZX Options for the trading of options contracts. See Rule 21.1(1)(3)

⁶ See Rule 16.1(a)(60).

submitted by a Market Maker, unless the Rules specify otherwise. Bulk message functionality was implemented by the Exchange as a way for Users to efficiently update (e.g. modify, cancel, etc.) and designate order types for multiple bids and offers within a single message. Currently, Rule 21.1(h)(1) provides that an order (including a bulk message)⁷ that, at the time of entry, would lock or cross a Protected Quotation of another options exchange will be ranked at the locking price in the BZX Options Book and displayed by the System at one minimum price variation below the current NBO (for bids) or to one minimum price variation above the current NBB (for offers).⁸ Under current Rule 21.1(h)(1) a User may elect to have the System only apply display-price sliding to the extent an order at the time of entry would lock a Protected Quotation of another options exchange (“lock-only”). Orders under the lock-only option will be cancelled if, upon entry, such order would cross a Protected Quotation of another options exchange. The lock-only display-price sliding option is a variation of display-price sliding that is intended to allow Users to re-evaluate their orders and/or strategies in the event they are submitting orders to the Exchange that are crossing the market.⁹ Furthermore, Rule 21.1(h) does not currently state that a User may designate orders or bulk messages to not be subject to the display-price sliding process. However, the ability for Users to opt-out of the display-price sliding process currently exists for a User’s orders and is provided for under various other Exchange

⁷ The Exchange notes that the display-price sliding designation, as well as the proposed opt-out and lock-only designations for a bulk message applies to all bulk message bids and offers within a single message.

⁸ In accordance with the linkage rules. See Chapter XXVII of the Rules. See also Options Order Protection and Locked/Crossed Market Plan (the “Linkage Plan”).

⁹ See Securities Exchange Act No. 67657 (August 14, 2012), 77 FR 50199 (August 20, 2012) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change by BATS Exchange, Inc. To Amend BATS Rules Related to Price Sliding Functionality) (SR-BATS-2012-035).

Rules.¹⁰ Current Rule 21.1(h)(1) states that display-price sliding applies to all bulk messages, and, as such, a User is currently unable to elect the lock-only or opt-out process (as currently provided for in other Exchange Rules) for bulk messages.

The Exchange now proposes to amend Rule 21.1(h)(1) to remove the language that applies display-price sliding to all bulk messages, therefore, subjecting bulk messages, like orders, to a User's election to have the System only apply the lock-only display-price sliding option or to opt-out of the display-price sliding process, pursuant to other Exchange Rules and as proposed (as described below). The Exchange notes that the lock-only and opt-out designations, as applicable, for bulk messages will apply to all bulk message bids and offers within a single message.

Additionally, the Exchange proposes to explicitly state under Rule 21.1(h)(1) that a User may enter instructions for an order (including bulk messages) not to be subject to the display-price sliding process. As stated, the ability for Users to opt-out of the display-price sliding process currently exists for a User's orders under other Exchange Rules.¹¹ The Exchange is now proposing to make this existing instruction explicit under the display-price sliding provision and applicable to a User's orders and bulk messages. The proposed opt-out instruction is based on a similar re-pricing opt-out instruction under Rule 6.12(b) of the Exchange's affiliated exchange, Cboe C2 Exchange, Inc. ("C2").¹²

The Exchange believes that as bulk messages have become more widely-used, Users would benefit from the expansion of the lock-only functionality and functionality

¹⁰ See Rules 21.1(d)(6)-(9).

¹¹ Id.

¹² The Exchange notes that C2 is simultaneously proposing to include bulk messages in its re-pricing process.

to opt-out of the display-price sliding process for bulk messages, both of which are currently available for Users' orders. The Exchange believes that this proposed change provides Users with the flexibility to apply functionality currently available for their orders to their bulk messages. As proposed, Users will be able to instruct bulk message bids and offers not to be subject to display-price sliding and able to elect the lock-only option for bulk message bids and offers.

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.¹³

Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹⁴ 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)¹⁵ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

¹³ 15 U.S.C. 78f(b).

¹⁴ 15 U.S.C. 78f(b)(5).

¹⁵ Id.

In particular, the Exchange believes that the proposed rule change allowing Users to elect that lock-only display-price sliding apply to bulk messages, and that the System cancel any such bulk message that would cross another options exchange, will remove impediments to and perfect the mechanism of a free and open market because it provides Users with the flexibility to apply to bulk messages the same order handling functionality as they may apply to their orders. The Exchange also believes that the proposed change is consistent with the requirement that the rules facilitate transactions in securities, as well as remove impediments to and perfect the mechanism of a free and open market, because it will allow Users an additional opportunity to respond to continuously changing market conditions. The lock-only option provides Users an opportunity to re-evaluate the price and/or strategy for bulk messages submitted that have been rejected for crossing another exchange. The Exchange believes that the ability to elect the lock-only option for bulk messages will give Users greater flexibility and control over the circumstances under which their orders are able to interact with contra side-interest. The Exchange notes that the lock-only option for bulk messages will also serve to protect investors because it is an additional protection mechanism that mitigates potential risk associated with Users submitting bulk messages at prices that are too aggressive or potentially erroneous. Furthermore, the proposed application of the lock-only option to bulk messages prevents the display of a locked or crossed market which is consistent with the Linkage Plan,¹⁶ thus, perfecting the mechanism of a free and open market and national market system and protecting investors.

¹⁶ See supra note 8.

The Exchange also believes that codifying the opt-out instruction within Rule 21.1(h) will protect investors by making this instruction, which exists under other Exchange Rules,¹⁷ explicit within the display-price sliding process provision, thereby making the rules easier to understand for investors. Furthermore, by allowing for a User to enter instructions for a bulk message not to be subject to the display-price sliding process under Rule 21.1(h)(1) this proposed change will serve to remove impediments to and perfect the mechanism of a free and open market and a national market system as it provides Users with additional flexibility regarding how they want the System to handle their orders and bulk messages. The Exchange notes that this is an additional way to ensure compliance with the linkage rules for both orders and bulk messages,¹⁸ thereby protecting investors and the public interest. Additionally, this change is consistent with the re-pricing process under Rule 6.12(b) of the Exchange's affiliated exchange, C2. The Exchange believes that mirroring the corresponding C2 opt-out instruction language will provide for better understanding for Users participating across the 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 Exchange does not believe the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act, as the proposed application of the lock-only display-price sliding election and opt-out instructions to bulk messages will be available to all Users. The Exchange also notes that the opt-out and lock-only options are already available to all

¹⁷ See supra note 10.

¹⁸ See supra note 8.

Users for their orders, and will apply to bulk messages in the same manner as they apply to orders.

The Exchange does not believe the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act, because it will provide Users with an opt-out instruction option and a lock-only price sliding option for bulk messages that is similar to other opt-out and lock-only price sliding options available on other exchanges.¹⁹ The Exchange believes the proposed functionality will permit the Exchange to operate on an even playing field relative to other exchanges that have similar functionality.

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 Act²⁰ and Rule 19b-4(f)(6)²¹ thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may

¹⁹ See C2 Rule 6.12(b) and NYSE Chicago Article 1, Rule 2 (b)(1)(C)(iii).

²⁰ 15 U.S.C. 78s(b)(3)(A).

²¹ 17 CFR 240.19b-4(f)(6).

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:

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-CboeBZX-2019-049 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-CboeBZX-2019-049. 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-CboeBZX-2019-049 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.²²

Secretary

²² 17 CFR 200.30-3(a)(12).

EXHIBIT 5

(additions are underlined; deletions are [bracketed])

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Rules of Cboe BZX Exchange, Inc.

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Rule 21.1. Definitions

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

(a)-(g) No change.

(h) Display-Price Sliding.

(1) Unless a User enters instructions for an order (including a bulk message) to not be subject to the display-price sliding process in this paragraph (h), [A]an order (including a bulk message) that, at the time of entry, would lock or cross a Protected Quotation of another options exchange will be ranked at the locking price in the BZX Options Book and displayed by the System at one minimum price variation below the current NBO (for bids) or to one minimum price variation above the current NBB (for offers) (“display-price sliding”). A User may elect to have the System only apply display-price sliding to the extent an order at the time of entry would lock a Protected Quotation of another options exchange. For Users that select this order handling, any order will be cancelled if, upon entry, such order would cross a Protected Quotation of another options exchange. [Display-price sliding applies to all bulk messages.]

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