Required fields are shown with yellow backgrounds and asterisks.

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

File No.* SR - 2019 - * 014

Amendment No. (req. for Amendments *)

Filing by   Cboe EDGX Exchange, Inc.

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

Initial * ☑	Amendment * ☐	Withdrawal ☐

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

Rule

☐ 19b-4(f)(1)	☐ 19b-4(f)(4)
☐ 19b-4(f)(2)	☐ 19b-4(f)(5)
☐ 19b-4(f)(3)	☑ 19b-4(f)(6)

Pilot ☐

Extension of Time Period for Commission Action * ☐

Date Expires *

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

Section 806(e)(1) * ☐

Section 806(e)(2) * ☐

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

Section 3C(b)(2) * ☐

Exhibit 2 Sent As Paper Document ▣

Exhibit 3 Sent As Paper Document ▣

Description

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

The Exchange proposes to amend EDGX rules to clarify the handling of orders that contain both a Post Only instruction and certain other order handling instructions maintained to facilitate compliance with Rule 610(d) of Regulation NMS.

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 * Adrian   Last Name * Griffiths

Title * Assistant General Counsel

E-mail * agriffiths@cboe.com

Telephone * (646) 856-8723   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.

Date 03/25/2019

By Adrian Griffiths
(Name *)

(Title *)

Assistant General Counsel

agriffiths@cboe.com

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

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

Add   Remove   View

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

Exhibit 1 - Notice of Proposed Rule Change *

Add   Remove   View

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

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

Add   Remove   View

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

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

Add   Remove   View

Exhibit Sent As Paper Document
☐

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

Exhibit 3 - Form, Report, or Questionnaire

Add   Remove   View

Exhibit Sent As Paper Document
☐

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

Exhibit 4 - Marked Copies

Add   Remove   View

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

Exhibit 5 - Proposed Rule Text

Add   Remove   View

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

Partial Amendment

Add   Remove   View

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

1.   Text of the Proposed Rule Change

(a)   Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")[1] and Rule 19b-4 thereunder,[2] Cboe EDGX Exchange, Inc. ("EDGX" or the "Exchange") is filing with the Securities and Exchange Commission (the "Commission") a proposed rule change to amend EDGX rules to clarify the handling of orders that contain both a Post Only instruction and certain other order handling instructions maintained to facilitate compliance with Rule 610(d) of Regulation NMS.

The Exchange has designated this proposal as non-controversial and provided the Commission with the notice required by Rule 19b-4(f)(6)(iii) under the Act.[3] The text of the proposed rule change is attached as Exhibit 5. The text of the proposed rule change is available on the Exchange's website at http://markets.cboe.com/, at the Exchange's principal office and at the Public Reference Room of the Commission.

(b)   Not applicable.

(c)   Not applicable.

2.   Procedures of the Self-Regulatory Organization

(a)   The Exchange's President (or designee) pursuant to delegated authority approved the proposed rule change on March 1, 2019.

(b)   Please refer questions and comments on the proposed rule change to Patrick Sexton, Executive Vice President, General Counsel, and Corporate Secretary, (312) 786-7462, or Adrian Griffiths, Assistant General Counsel, (646) 856-8723.

---

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

[2]   17 CFR 240.19b-4.

[3]   17 CFR 240.19b-4(f)(6)(iii).

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

        (a)   Purpose

The purpose of the proposed rule change is to amend EDGX rules to clarify the handling

of orders that contain both a Post Only instruction and certain other order handling instructions

maintained to facilitate compliance with Rule 610(d) of Regulation NMS (the "Locked and

Crossed Markets Rule"). An order entered with a Post Only instruction does not remove

liquidity, except when the order is an order to buy or sell a security priced below $1.00, or when

executing as the taker of liquidity would be economically beneficial to the firm entering the

order – i.e., if the value of such execution when removing liquidity equals or exceeds the value

of such execution if the order instead posted to the EDGX Book and subsequently provided

liquidity, including the applicable fees charged or rebates provided.[4] Today, the Exchange's

rules state that this handling applies to Post Only orders entered with Price Adjust[5] or Display-

Price Sliding[6] instruction, which are re-pricing instructions used for compliance with the Locked

and Crossed Markets Rule. Thus, an executable order entered with a Post Only instruction is

---

[4]   See EDGX Rule 11.6(n)(4). To determine at the time of a potential execution whether the
        value of such execution when removing liquidity equals or exceeds the value of such
        execution if the order instead posted to the EDGX Book and subsequently provided
        liquidity, the Exchange will use the highest possible rebate paid and highest possible fee
        charged for such executions on the Exchange.

[5]   "Price Adjust" is an order instruction requiring that where an order would be a Locking
        Quotation of an external market or Crossing Quotation if displayed by the System on the
        EDGX Book at the time of entry, the order will be displayed and ranked at a price that is
        one Minimum Price Variation lower (higher) than the Locking Price for orders to buy
        (sell). See EDGX Rule 11.6(l)(1)(A).

[6]   "Display-Price Sliding" is an order instruction requiring that where an order would be a
        Locking Quotation or Crossing Quotation of an external market if displayed by the
        System on the EDGX Book at the time of entry, will be ranked at the Locking Price in
        the EDGX Book and displayed by the System at one Minimum Price Variation lower
        (higher) than the Locking Price for orders to buy (sell). See EDGX Rule 11.6(l)(1)(B).

eligible to remove liquidity in the circumstances described in EDGX Rule 11.6(n)(4) instead of

having its ranked price or display price adjusted pursuant to those order handling instructions.

However, the Exchange also offers a "Cancel Back" instruction that is not covered by

EDGX Rule 11.6(n)(4). An order entered with a Cancel Back instruction is immediately

cancelled instead of re-priced when displaying the order at its limit price would create a violation

of the Locked and Crossed Markets Rule.[7] All orders must include a Price Adjust, Display-Price

Sliding, or Cancel Back instruction,[8] and orders entered with a Post Only instruction are handled

in the same manner regardless of which of these three additional instructions is applied. The

Exchange therefore proposes to amend EDGX Rule 11.6(n)(4) to eliminate references to

Display-Price Sliding and Price Adjust, similar to the current rules in place on its affiliated

equities exchanges, Cboe BZX Exchange, Inc. ("BZX") and Cboe BYX Exchange, Inc.

("BYX").[9] The Exchange believes that removing the references to these two instructions in the

rule would reduce potential confusion as the order handling described in the rule today applies to

all orders entered with a Post Only instruction, and not a specific subset of those orders. No

changes to the Exchange's trading or other systems are contemplated by this proposed change,

which is instead designed to increase transparency around the Exchange's current operation.

---

[7]   "Cancel Back" is an instruction the User may attach to an order instructing the System to immediately cancel the order when, if displayed by the System on the EDGX Book at the time of entry, or upon return to the System after being routed away, would create a violation of Rule 610(d) of Regulation NMS or Rule 201 of Regulation SHO, or the order cannot otherwise be executed or posted by the System to the EDGX Book at its limit price. See EDGX Rule 11.6(b).

[8]   Display-Price Sliding is applied as the default handling unless Price Adjust or Cancel Back is elected See EDGX Rule 11.8(b)(10).

[9]   See BZX Rule 11.9(c)(6) and BYX Rule 11.9(c)(6).

(b)   Statutory Basis

The Exchange believes the proposed rule change is consistent with the requirements of

Section 6(b) of the Act,[10] in general, and Section 6(b)(5) of the Act,[11] in particular, in that it is

designed to remove impediments to and perfect the mechanism of a free and open market and a

national market system, to promote just and equitable principles of trade, and, in general, to

protect investors and the public interest and not to permit unfair discrimination between

customers, issuers, brokers, or dealers.

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

public interest and the protection of investors as it would avoid potential confusion about how an

order is handled if entered with both a Post Only and Cancel Back instruction. Today, the

Exchange's rules provide that an order entered into the EDGX Book with a Post Only instruction

would remove liquidity in certain circumstances, such as when economically beneficial for the

order. In addition, the rules specify that this handling applies to orders entered with a Price

Adjust or Display-Price Sliding instruction. The rules, however, are silent as to the handling

applied if an order with a Post Only instruction contains a Cancel Back instruction. The

Exchange's order handling is, in fact, the same regardless of which of these instructions are

chosen by the member. As such, the Exchange believes that it is appropriate to amend EDGX

Rule 11.6(n)(4) to eliminate references to the Price Adjust or Display-Price Sliding instruction,

thereby making clear that this handling applies to all orders entered with a Post Only instruction

and not only those that also contain Price Adjust or Display-Price Sliding instructions.

---

[10]   15 U.S.C. § 78f(b).

[11]   15 U.S.C. § 78f(b)(5).

The Exchange believes that this order handling, which mirrors that in place on the Exchange's affiliated equities markets (i.e., BZX and BYX) is appropriate regardless of whether an order entered with a Post Only instruction also contains a Display-Price Sliding, Price Adjust, or Cancel Back instruction. Specifically, the Exchange believes that it is consistent with just and equitable principles of trade to permit an order entered with a Post Only instruction to remove liquidity when the order is an order to buy or sell a security priced below $1.00, or when executing as the taker of liquidity would be economically beneficial to the firm entering the order. This handling is designed to ensure that orders entered with a Post Only instruction are eligible to trade in certain circumstances where the entering firm may have an interest in securing an execution on entry – i.e., as the taker of liquidity – notwithstanding the member's use of the Post Only instruction. Although the Exchange's rules currently mention order handling for the Display-Price Sliding and Price Adjust instructions specifically, this functionality should be applied equally to any order entered with a Post Only instruction. Thus, amending the rule as proposed would provide additional transparency into a feature offered by the Exchange that is potentially beneficial to members that utilize the Post Only instruction.

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

The Exchange does not believe that the proposed rule change would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Rather, the proposed rule change would remove ambiguity in the EDGX rules describing the Post Only instruction by amending those rules consistent with rules currently in place for the Exchange's affiliates, BZX and BYX. No change to the Exchange's order handling is contemplated by this proposed rule change, which would merely clarify the current handling for certain orders entered with a Post Only instruction. The Exchange therefore believes that the

proposed rule change would increase transparency around the operation of the Exchange to the benefit of members and investors, without imposing any significant burden on competition.

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

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

6.   Extension of Time Period for Commission Action

Not applicable.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)[12] of the Act and Rule 19b-4(f)(6)[13] thereunder. The proposed rule change effects a change that (A) does not significantly affect the protection of investors or the public interest; (B) does not impose any significant burden on competition; and (C) by its terms, does not become operative for thirty (30) days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest; provided that the self-regulatory organization has given the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission.[14]

The Exchange believes that the proposed rule change would not significantly affect the protection of investors or the public interest, and would not impose a significant burden on

---

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

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

[14]   17 CFR 240.19b-4(f)(6)(iii).

competition. As proposed, the amended rule would clarify the current handling of an order

entered with both a Post Only instruction and certain other order handling instructions.

Specifically, the proposed rule change would clarify that an order entered with a Post Only

instruction removes liquidity in the circumstances specified in EDGX Rule 11.6(n)(4), regardless

of which instruction a member chooses for compliance with the Locked and Crossed Markets

Rule – i.e., Price Adjust, Display-Price Sliding, or Cancel Back. Today, the rule mentions only

the first two of these three instructions, which could lead to confusion around how orders entered

with the third, i.e., Cancel Back, are handled. Similar rules on the BZX and BYX equities

exchanges do not mention any of these order handling instructions as the choice of these

instructions has no bearing on whether a Post Only Order would remove liquidity on those

markets,[15] as is similarly the case for EDGX. Furthermore, although BZX and BYX rules do not

define a separate "Cancel Back" instruction, those rules nevertheless provide for comparable

functionality that would result in orders being cancelled back to members.[16] As the proposed

rules mirror those already in place on BZX and BYX, which offer similar functionality, the

Exchange believes that the proposed rule change would not raise any new or novel issues not

already considered by the Commission. Therefore, the Exchange has accordingly designated this

rule filing as "non-controversial" under Section 19(b)(3)(A) of the Act[17] and paragraph (f)(6) of

Rule 19b-4 thereunder.[18]

---

[15]   See supra note 9.

[16]   Specifically, the rules of BZX and BYX provide that "[a]n order will be cancelled back to
the User if, based on market conditions, User instructions, applicable Exchange Rules
and/or the Act and the rules and regulations thereunder, such order is not executable,
cannot be routed to another Trading Center pursuant to Rule 11.13(b) below and cannot
be posted to the BZX Book." See BZX Rule 11.13(a) and BYX Rule 11.3(a).

[17]   15 U.S.C. 78s(b)(3)(A).

[18]   17 C.F.R. 240.19b-4.

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative prior to 30 days after the date of filing. Rule 19b-4(f)(6)(iii), however, permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange respectfully requests that the Commission waive the operative delay. Waiver of the operative delay is consistent with the protection of investors and the public interest as it would allow the Exchange to immediately amend its rules to avoid potential confusion around the current operation of the Post Only instruction.

At any time within sixty (60) days of the filing of such proposed rule change, the Commission may summarily temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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

The proposed rule change is based on the rules of BZX and BYX.[19]

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

Not applicable.

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

Not applicable.

11.   <u>Exhibits</u>

Exhibit 1 – Form of Notice of Proposed Rule Change for <u>Federal</u> <u>Register</u>.

Exhibit 5 – Text of the Proposed Rule Change

---

[19]   <u>See</u> supra note 9.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-   ; File No. SR-CboeEDGX-2019-014]

[Insert date]

Self-Regulatory Organizations; Cboe EDGX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend EDGX Rules to Clarify the Handling of Orders that Contain Both a Post Only Instruction and Certain Other Order Handling Instructions Maintained to Facilitate Compliance with Rule 610(d) of Regulation NMS

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),[1] and Rule 19b-4 thereunder,[2] notice is hereby given that on [insert date], Cboe EDGX Exchange, Inc. (the "Exchange" or ""EDGX"") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Exchange filed the proposal as a "non-controversial" proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act[3] and Rule 19b-4(f)(6) thereunder.[4] The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I.   **Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change**

Cboe EDGX Exchange, Inc. ("EDGX" or the "Exchange") is filing with the Securities and Exchange Commission (the "Commission") a proposed rule change to amend EDGX rules to clarify the handling of orders that contain both a Post Only instruction and certain other order handling instructions maintained to facilitate

---

[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).

compliance with Rule 610(d) of Regulation NMS. The text of the proposed rule change

is attached as 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/edgx/), 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 purpose of the proposed rule change is to amend EDGX rules to clarify the

handling of orders that contain both a Post Only instruction and certain other order

handling instructions maintained to facilitate compliance with Rule 610(d) of Regulation

NMS (the "Locked and Crossed Markets Rule"). An order entered with a Post Only

instruction does not remove liquidity, except when the order is an order to buy or sell a

security priced below $1.00, or when executing as the taker of liquidity would be

economically beneficial to the firm entering the order – i.e., if the value of such execution

when removing liquidity equals or exceeds the value of such execution if the order

instead posted to the EDGX Book and subsequently provided liquidity, including the

applicable fees charged or rebates provided.[5] Today, the Exchange's rules state that this handling applies to Post Only orders entered with Price Adjust[6] or Display-Price Sliding[7] instruction, which are re-pricing instructions used for compliance with the Locked and Crossed Markets Rule. Thus, an executable order entered with a Post Only instruction is eligible to remove liquidity in the circumstances described in EDGX Rule 11.6(n)(4) instead of having its ranked price or display price adjusted pursuant to those order handling instructions.

However, the Exchange also offers a "Cancel Back" instruction that is not covered by EDGX Rule 11.6(n)(4). An order entered with a Cancel Back instruction is immediately cancelled instead of re-priced when displaying the order at its limit price would create a violation of the Locked and Crossed Markets Rule.[8] All orders must

---

5   See EDGX Rule 11.6(n)(4). To determine at the time of a potential execution whether the value of such execution when removing liquidity equals or exceeds the value of such execution if the order instead posted to the EDGX Book and subsequently provided liquidity, the Exchange will use the highest possible rebate paid and highest possible fee charged for such executions on the Exchange.

6   "Price Adjust" is an order instruction requiring that where an order would be a Locking Quotation of an external market or Crossing Quotation if displayed by the System on the EDGX Book at the time of entry, the order will be displayed and ranked at a price that is one Minimum Price Variation lower (higher) than the Locking Price for orders to buy (sell). See EDGX Rule 11.6(l)(1)(A).

7   "Display-Price Sliding" is an order instruction requiring that where an order would be a Locking Quotation or Crossing Quotation of an external market if displayed by the System on the EDGX Book at the time of entry, will be ranked at the Locking Price in the EDGX Book and displayed by the System at one Minimum Price Variation lower (higher) than the Locking Price for orders to buy (sell). See EDGX Rule 11.6(l)(1)(B).

8   "Cancel Back" is an instruction the User may attach to an order instructing the System to immediately cancel the order when, if displayed by the System on the EDGX Book at the time of entry, or upon return to the System after being routed away, would create a violation of Rule 610(d) of Regulation NMS or Rule 201 of Regulation SHO, or the order cannot otherwise be executed or posted by the System to the EDGX Book at its limit price. See EDGX Rule 11.6(b).

include a Price Adjust, Display-Price Sliding, or Cancel Back instruction,[9] and orders entered with a Post Only instruction are handled in the same manner regardless of which of these three additional instructions is applied. The Exchange therefore proposes to amend EDGX Rule 11.6(n)(4) to eliminate references to Display-Price Sliding and Price Adjust, similar to the current rules in place on its affiliated equities exchanges, Cboe BZX Exchange, Inc. ("BZX") and Cboe BYX Exchange, Inc. ("BYX").[10] The Exchange believes that removing the references to these two instructions in the rule would reduce potential confusion as the order handling described in the rule today applies to all orders entered with a Post Only instruction, and not a specific subset of those orders. No changes to the Exchange's trading or other systems are contemplated by this proposed change, which is instead designed to increase transparency around the Exchange's current operation.

2.   Statutory Basis

The Exchange believes the proposed rule change is consistent with the requirements of Section 6(b) of the Act,[11] in general, and Section 6(b)(5) of the Act,[12] in particular, in that it is designed to remove impediments to and perfect the mechanism of a free and open market and a national market system, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest and not to permit unfair discrimination between customers, issuers, brokers, or dealers.

---

[9]   Display-Price Sliding is applied as the default handling unless Price Adjust or Cancel Back is elected See EDGX Rule 11.8(b)(10).

[10]   See BZX Rule 11.9(c)(6) and BYX Rule 11.9(c)(6).

[11]   15 U.S.C. § 78f(b).

[12]   15 U.S.C. § 78f(b)(5).

Specifically, the Exchange believes that the proposed rule change is consistent with the public interest and the protection of investors as it would avoid potential confusion about how an order is handled if entered with both a Post Only and Cancel Back instruction. Today, the Exchange's rules provide that an order entered into the EDGX Book with a Post Only instruction would remove liquidity in certain circumstances, such as when economically beneficial for the order. In addition, the rules specify that this handling applies to orders entered with a Price Adjust or Display-Price Sliding instruction. The rules, however, are silent as to the handling applied if an order with a Post Only instruction contains a Cancel Back instruction. The Exchange's order handling is, in fact, the same regardless of which of these instructions are chosen by the member. As such, the Exchange believes that it is appropriate to amend EDGX Rule 11.6(n)(4) to eliminate references to the Price Adjust or Display-Price Sliding instruction, thereby making clear that this handling applies to all orders entered with a Post Only instruction and not only those that also contain Price Adjust or Display-Price Sliding instructions.

The Exchange believes that this order handling, which mirrors that in place on the Exchange's affiliated equities markets (i.e., BZX and BYX) is appropriate regardless of whether an order entered with a Post Only instruction also contains a Display-Price Sliding, Price Adjust, or Cancel Back instruction. Specifically, the Exchange believes that it is consistent with just and equitable principles of trade to permit an order entered with a Post Only instruction to remove liquidity when the order is an order to buy or sell a security priced below $1.00, or when executing as the taker of liquidity would be economically beneficial to the firm entering the order. This handling is designed to

ensure that orders entered with a Post Only instruction are eligible to trade in certain

circumstances where the entering firm may have an interest in securing an execution on

entry – i.e., as the taker of liquidity – notwithstanding the member's use of the Post Only

instruction. Although the Exchange's rules currently mention order handling for the

Display-Price Sliding and Price Adjust instructions specifically, this functionality should

be applied equally to any order entered with a Post Only instruction. Thus, amending the

rule as proposed would provide additional transparency into a feature offered by the

Exchange that is potentially beneficial to members that utilize the Post Only instruction.

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

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

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

of the Act. Rather, the proposed rule change would remove ambiguity in the EDGX rules

describing the Post Only instruction by amending those rules consistent with rules

currently in place for the Exchange's affiliates, BZX and BYX. No change to the

Exchange's order handling is contemplated by this proposed rule change, which would

merely clarify the current handling for certain orders entered with a Post Only instruction.

The Exchange therefore believes that the proposed rule change would increase

transparency around the operation of the Exchange to the benefit of members and

investors, without imposing any significant burden on competition.

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

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

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

Because the foregoing proposed rule change does not:

A. significantly affect the protection of investors or the public interest;

B. impose any significant burden on competition; and

C. become operative for 30 days from the date on which it was filed, or such

shorter time as the Commission may designate, it has become effective pursuant to

Section 19(b)(3)(A) of the Act[13] 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:

Electronic comments:

- Use the Commission's Internet comment form

   (http://www.sec.gov/rules/sro.shtml); or

---

[13]   15 U.S.C. 78s(b)(3)(A).

[14]   17 CFR 240.19b-4(f)(6).

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-CboeEDGX-2019-014 on the subject line.

Paper comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-CboeEDGX-2019-014. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (http://www.sec.gov/rules/sro.shtml). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, D.C. 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-CboeEDGX-2019-014 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

Proposed new language is <u>underlined</u>; proposed deletions are in [brackets].

Rules of Cboe EDGX Exchange, Inc.

*　　*　　*

Rule 11.6　　　Definitions

*　　*　　*

(n)　　　Routing/Posting Instructions

(1) – (3)　No Change.

(4)　　　Post Only. An instruction that may be attached to an order that is to be ranked and executed on the Exchange pursuant to Rule 11.9 and Rule 11.10(a)(4) or cancelled, as appropriate, without routing away to another trading center except that the order will not remove liquidity from the EDGX Book, except as described below. An order with a Post Only instruction [and a Display-Price Sliding or Price Adjust instruction] will remove contra-side liquidity from the EDGX Book if the order is an order to buy or sell a security priced below $1.00 or if the value of such execution when removing liquidity equals or exceeds the value of such execution if the order instead posted to the EDGX Book and subsequently provided liquidity, including the applicable fees charged or rebates provided. To determine at the time of a potential execution whether the value of such execution when removing liquidity equals or exceeds the value of such execution if the order instead posted to the EDGX Book and subsequently provided liquidity, the Exchange will use the highest possible rebate paid and highest possible fee charged for such executions on the Exchange.

(5) – (7)　No change.

*　　*　　*