Required fields are shown with yellow backgrounds and asterisks.

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

File No.* SR - 2019 - * 017
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)(2)
- ☐ 19b-4(f)(3)
- ☐ 19b-4(f)(4)
- ☐ 19b-4(f)(5)
- ☑ 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 adopt all-or-none (“AON”) orders.

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Laura Last Name * Dickman
Title * Vice President, Associate General Counsel
E-mail * dickman@cboe.com
Telephone * (312) 786-7572 Fax

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date 04/02/2019

By Laura G. Dickman

(Name *)

(Title *)

Vice President, Associate General Counsel

dickman@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.

Required fields are shown with yellow backgrounds and asterisks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information * Add Remove View	The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.
Exhibit 1 - Notice of Proposed Rule Change * Add Remove View	The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO] -xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies * Add Remove View	The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO] -xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications Add Remove View Exhibit Sent As Paper Document ☐	Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.
Exhibit 3 - Form, Report, or Questionnaire Add Remove View Exhibit Sent As Paper Document ☐	Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.
Exhibit 4 - Marked Copies Add Remove View	The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.
Exhibit 5 - Proposed Rule Text Add Remove View	The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.
Partial Amendment Add Remove View	If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

Item 1. **Text of the Proposed Rule Change**

(a) Cboe EDGX Exchange, Inc. (the "Exchange" or "EDGX") proposes to adopt all-or-none ("AON") orders. 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 2, 2019. The Exchange will announce to Options Members via Exchange Notice and technical specifications the implementation date for the proposed rule change, which is currently scheduled for May 2, 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 EDGX Exchange, Inc., 400 South LaSalle, Chicago, Illinois 60605.

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

(a) Purpose

In 2016, the Exchange's parent company, Cboe Global Markets, Inc. ("Cboe Global"), which is the parent company of Cboe Exchange, Inc. ("Cboe Options") and Cboe C2 Exchange, Inc. ("C2"), acquired the Exchange, Cboe EDGA Exchange, Inc. ("EDGA"), Cboe BZX Exchange, Inc. ("BZX or BZX Options"), and Cboe BYX Exchange, Inc. ("BYX" and, together with C2, Cboe Options, the Exchange, EDGA, and BZX, the "Cboe Affiliated Exchanges"). The Cboe Affiliated Exchanges are working to align certain system functionality, retaining only intended differences between the Cboe Affiliated Exchanges, in the context of a technology migration. Cboe Options intends to migrate its technology to the same trading platform used by the Exchange, C2, and BZX Options in the fourth quarter of 2019. The proposal set forth below is intended to add certain functionality to the Exchange's System that is available on Cboe Options in order to ultimately provide a consistent technology offering for market participants who interact with the Cboe Affiliated Exchanges. Although the Exchange intentionally offers certain features that differ from those offered by its affiliates and will continue to do so, the Exchange believes that offering similar functionality to the extent practicable will reduce potential confusion for Users.

The Exchange proposes to adopt AON orders. Proposed Rule 21.1(d)(4) defines AON orders as orders to be executed in their entirety or not at all. Additionally, it specifies that AON orders may be market or limit orders. Several other options exchanges offer AON orders (which can be market or limit orders), and this proposed definition is consistent with the definition of AON orders in other options exchanges' rules, including Cboe Options.[1]

---

[1] See, e.g., Cboe Options Rule 6.53(i); NASDAQ ISE, LLC ("ISE") Rule 715(c) (ISE requires AON orders to be entered as immediate-or-cancel ("IOC")); NASDAQ OMX PHLX, LLC ("PHLX") Rule 1066(c)(4); NASDAQ Options Market LLC ("NOM") Chapter VI, Section 1(e)(10) (NOM requires AON orders to be entered as IOC and only after the market open); and NYSE Arca, Inc. ("Arca") Rule 6.62-O(d)(4). The proposed rule change permits Users to apply all Times-in-Force to AON orders (as Cboe Options permits), as the Exchange already offers fill-or-kill ("FOK") orders, which are the equivalent of an IOC AON order. See Rule 21.1(f)(5) (a FOK order is a limit order that is to be executed in its entirety as soon as it is received and, if not so executed, cancelled). However, as discussed below, Users may not apply a Post Only instruction to AON orders.

The Exchange will not disseminate bids or offers of AON orders to OPRA, as the prices of AON orders are not included in the Exchange's best bid or offer ("BBO") for a series.[2]

The proposed AON order is similar to the existing Minimum Quantity Order currently available on the Exchange. Minimum Quantity Orders are orders that require a specified minimum quantity of contracts be obtained, or the order is cancelled.[3] Today, a Minimum Quantity Order with the minimum set as the full size of the order would function similar to the proposed AON order (except, as noted above, an AON order will not be required to be submitted as IOC).[4] The Exchange also offers a fill-or-kill ("FOK") Time-in-Force, pursuant to which a limit order is to be executed in its entirety as soon as it is received and, if not so executed, cancelled.[5] A FOK order is equivalent to an AON entered

---

2 See proposed Rule 21.1(d)(4)(A). Rules of other options exchanges explicitly provide that AON orders are not disseminated to OPRA. See, e.g., Cboe Options Rule 6.44, Interpretation and Policy .02; and Phlx Option Floor Procedures A-9. Proposed Rule 21.1(d)(4)(E) states the Exchange may restrict the entry of AON orders in a series or class if the Exchange deems it necessary or appropriate to maintain a fair and orderly market. Cboe Options rules provide it with the same authority. See, e.g., Cboe Options Rule 6.44, Interpretation and Policy .03.

3 See Rule 21.1(d)(3). While Minimum Quantity Orders may only be IOC, the proposed rule change does not limit the Times-in-Force that Users may apply to AON orders as discussed above.

4 For example, a Minimum Quantity Order for 100 contracts with a minimum set at 100 contracts has the same result as an AON order for 100 contracts, because both can only trade against an order(s) for 100 contracts.

5 See Rule 21.1(f)(5). The proposed rule change does not adopt a provision corresponding to Cboe Options Rule 6.44, Interpretation and Policies .04 or .05, because the Exchange believes those provisions are redundant and unnecessary. Cboe Options Rule 6.44 states that an all-or-none bid or offer shall be deemed to be made only for the amount stated (*i.e.*, deemed to be all-or-none), which is redundant of the proposed definition of an AON order. Similarly, Cboe Options Rule 6.44, Interpretation and Policy .04, which essentially says that a FOK order will be deemed to be made only for the amount stated, is redundant of the Exchange's current definition of a FOK order. Cboe Options Rule 6.44, Interpretation and Policy .05 relates to minimum volume orders (which are similar to Minimum Quantity Orders on the Exchange, except minimum volume orders

with an IOC Time-in-Force. As discussed below, unlike Minimum Quantity Orders or orders designated as FOK, AON orders may rest in the Book or be routed, may also be market orders, and may have any Time-in-Force. However, the primary characteristic of both, which is that they must execute in their entirety, is the same.

The proposed rule change does not permit a User to designate an AON order as Post Only.[6] An AON order's size contingency, and the fact that (as discussed below) AON orders will have last priority while resting in the EDGX Options Book, will provide AON orders resting on the EDGX Options Book with few opportunities for AON orders to receive an execution. For this reason, the Exchange believes there will be minimal investor demand for Post Only AON orders.[7] The Exchange believes it is appropriate to not restrict the opportunities for execution of an AON order to the minimal execution opportunities that would exist for an AON order while resting on the Book. This ensures that an AON order may execute upon entry if there is sufficient size resting on the EDGX Options Book, as well as have an opportunity for execution if it cannot so execute.

---

on Cboe Options may only be executed in open outcry), and states minimum volume orders will be deemed to be made only for the amount stated (*i.e.*, deemed to be all-or-none), which the Exchange believes is redundant of the Exchange's current definition of a Minimum Quantity Order.

6 See proposed Rule 21.1(d)(4)(B). Pursuant to Rule 21.1(d)(8), a Post Only order may not, among other things, remove liquidity from the EDGX Options Book.

7 Cboe Options does not offer a Post Only instruction. Additionally, other exchanges, such as ISE and NOM, only permit AON orders to be entered as IOC, and thus AON orders at those options exchanges would only execute upon entry and never rest on the book (and thus Post Only, if available on those exchanges, would not be permitted).

Additionally, the proposed rule change only permits Users to apply MCN (MTP cancel newest), but no other MTP Modifiers, to an AON order.[8] Rule 21.1(g)(1) provides that an incoming order marked with the MCN Modifier will not execute against opposite side resting interest market with any MTP modifier originating from the same Unique Identifier. The incoming order marked with the MCN modifier will be cancelled back to the originating User(s). The resting order marked with an MTP modifier will remain on the EGDX Options Book. The Exchange believes there will be little demand for the use of any MTP Modifiers on AON orders given that primarily retail investors submit AONs, and retail investors are unlikely to have interest on both sides of the market. Given this expected minimal demand, the Exchange believes offering one MTP Modifier for AON orders is sufficient. The Exchange believes MCN is the most appropriate MTP modifier for AON orders, because it is the simplest modifier to implement from a System perspective and an offering of other MTP modifier for investors would present significant technical complexities given the size contingency of AON orders.[9] Additionally, the Exchange has determined to handle an AON order with any other MTP Modifier as an MCN rather than cancel the AON, because the proposed rules provide investors with sufficient transparency regarding how the System will handle AON orders with MTP Modifiers, and Users may achieve other results manually if so desired. For example, if User were to prefer to have a resting order with an MTP Modifier cancel and let the newer AON order rest, it could manually cancel the resting order and then resubmit the AON order.

---

8 See proposed Rule 21.1(d)(4)(D). If a User applies any other MTP Modifier to an AON order, the System will handle it as an MCN).

9 Additionally, the Decrement and Cancel MTP Modifier is inconsistent with an AON order, because it may result in partial execution of an order.

Cboe Options offers match trade prevention only for market-makers, and thus the Cboe Options rules regarding AON orders contains no restrictions on the use of match trade prevention instructions, as it would only be available to market-makers that submit AON orders. Because the Exchange has match-trade prevention functionality available for all Users and not just Market-Makers, the Exchange believes it is appropriate to provide this functionality to all Users that submit AON orders and want match trade prevention functionality. The rules of other exchanges are also silent on whether any match trade prevention instructions are available for AON orders.

An AON limit order will always be subject to the Price Adjust process in Rule 21.1(i).[10] Because AON orders will have last priority on the EDGX Options Book (as discussed below), the Exchange believes it will maximize execution opportunities for AON limit orders to be subject to the Price Adjust process.[11] The Price Adjust process applies to orders (subject to the User's instructions or the Rules) that do not execute upon entry and go to rest in the EDGX Options Book (for example, because an order is not marketable upon entry, is not eligible to route, or, in the case of an AON order, there is insufficient size to satisfy its size contingency). It ensures these orders rest at executable prices in accordance with linkage rules.[12]

---

[10] See proposed Rule 21.1(d)(4)(C). If an AON market order is unable to execute for any reason, it would cancel in accordance with the terms of a market order. This is consistent with the handling of any other market order that was not able to execute on the Exchange.

[11] If a User does not want an AON order to rest on the EDGX Options Book at an adjusted price, it may cancel the AON order and resubmit it for execution at a later time.

[12] See Rule 27.3, which provides that the Exchange will reasonably avoid displaying quotations that lock or cross a Protected Quotation.

Currently, if an order, at the time of entry, would lock or cross a Protected Quotation of another options exchange or the Exchange, it will be ranked and displayed by the System at one minimum price variation below (above) the current NBO (NBB) for bids (offers).[13] An AON order resting on the EDGX Options Book is not displayed or part of the BBO (thus is not protected and would not be part of the NBBO). The proposed rule change provides that AON orders will rest on the EDGX Options Book at potentially executable prices (and thus not at prices that cross a Protected Quotation or the BBO).

Specifically, proposed Rule 21.1(i)(1)(A)(ii) provides if a buy (sell) non-AON order, at the time of entry, would lock or cross the offer (bid) of a sell (buy) AON order resting on the EDGX Options Book at or better than the Exchange's best offer (bid), the System ranks[14] the resting AON order at one minimum price variation above (below) the bid (offer) of the non-AON order. This is consistent with the price at which non-AON orders would rest on the EDGX Options Book if subject to price adjustment (except price adjustment currently only applies to incoming orders, not resting orders). For example, if an AON order to buy 5 at 1.10 is resting on the EDGX Options Book (which is the NBB), and a non-AON order to sell 1 (which does not satisfy the size of the AON order) at 1.10 enters the EDGX Options Book, the System reprices the AON order to rest in the EDGX Options Book at 1.05 (assuming the minimum price variation for the class is $0.05).

Similarly, pursuant to proposed Rule 21.1(i)(1)(B)(ii), if a buy (sell) AON order, at the time of entry, would lock or cross a Protected Offer (Bid) of the Exchange, the System

---

13 See current Rule 21.1(i)(1) (which the proposed rule change renumbers and letters to be Rule 21.1(i)(1)(A)(i)).

14 In the EDGX Rules, the term "ranked" means that an order will be prioritized and eligible for execution at its ranked price for purposes of allocation if an execution were to occur at that price. For an AON order "ranked" at a price, it would be prioritized last at that price (as discussed above).

ranks the incoming AON order at a price one minimum price variation below (above) the offer (bid) of the non-AON order resting on the EDGX Options Book at the Protected Offer (Bid). This is consistent with how an incoming non-AON would be handled if it locked or crossed a Protected Offer (Bid) of the Exchange. For example, if a non-AON order to buy 1 at 1.10 is resting at the top of the EDGX Options Book, and an AON order to sell 5 (which cannot satisfied by the resting interest) at 1.10 enters the EDGX Options Book, the System reprices the AON order to rest in the EDGX Options Book at 1.15 (assuming the minimum price variation for the class is $0.05).

Proposed subparagraph (i)(1)(B)(i) states if a buy (sell) AON order, at the time of entry, would cross a Protected Offer (Bid) of another options exchange or a sell (buy) AON order resting on the EDGX Options Book at or better than the Exchange's best offer (bid), the System will rank the incoming AON order at a price equal to the Protected Offer (Bid) or the offer (bid) of the resting AON order, respectively. For example, if a buy AON order has a bid of 1.05 and enters the EDGX Options Book when the NBO is 1.00, the System ranks the AON order at a 1.00 bid.[15] Or, if a sell AON order has an offer of 1.10 and enters the EDGX Options Book, where there is a resting AON order with a bid of 1.15, the System ranks the incoming AON order at a price of 1.15.

The proposed rule change applies the current Price Adjust process to the existence of AONs to reflect the fact that AONs are not displayed on the EDGX Options Book (and thus are not Protected Quotations). This factor distinguishes AONs from other orders on the Exchange. The Exchange believes the proposed application of the Price Adjust process to AONs is reasonable, because an AON order will rest on the EDGX Options Book at an

---

15 Pursuant to subparagraph (i)(2), if the NBO changes to 1.05, the resting AON order would receive a new timestamp and be repriced to 1.05.

executable price (*i.e.*, a price that locks or is one minimum price variation away from the new Protected Quotation or AON resting on the EDGX Options Book at or better than the Exchange's BBO).[16] The proposed process will generally re-price the incoming (and thus later arriving order), which is consistent with the current Price Adjust process. As proposed, if an incoming buy (sell) AON order locked or crosses a Protected Offer (Bid) of the Exchange (*i.e.*, a non-AON order that was displayed at the Exchange's best offer (bid)), the System would adjust the price of the AON order to be one minimum price variation below (above) the Protected Offer (Bid). Similarly, if an incoming buy (sell) AON order crossed a Protected Offer (Bid) of another options market or a sell (buy) AON order resting on the Exchange, the System would adjust the price of the incoming order. However, unlike the current Price Adjust process, the proposed rule change will reprice a resting AON order rather than an incoming non-AON order, because AON orders have last priority (as discussed below) and are not displayed, and thus should not cause the price of an incoming non-AON order to reprice. Because AONs are not displayed and have last priority on the Book, the Exchange believes it is appropriate to adjust the price of an AON rather than an

---

16 The proposed rule change makes corresponding changes to Rule 21.1(i)(2) to provide that in the event the circumstances that caused the System to adjust the price of an order pursuant to proposed subparagraph (1) change so that it would not lock or cross, as applicable, a Protected Quotation or an AON resting on the EDGX Options Book at a price at or better than the Exchange's BBO, the order subject to the price adjust will receive a new timestamp and be ranked or displayed at a price that locks or is one minimum price variation away from the new Protected Quotation or AON resting on the EDGX Options Book at a price at or better than the Exchange's BBO. These proposed changes reflect the fact that the trade or cancellation of an order resting on the EDGX Options Book at or better than the Exchange's best offer (bid) (as applicable) may cause a resting AON order to become repriced. Pursuant to the current Price Adjust process applicable to non-AON orders, repricing only occurs when the NBBO changes. The proposed rule change adds the phrase "if applicable" to the current rule text regarding orders being ranked and displayed to reflect the fact that AON orders will not be displayed in the EDGX Options Book.

incoming order that would be displayed and protected. The proposed rule change is consistent with linkage rules, because AONs will not be part of the EDGX BBO, and repricing an AON to lock an away exchange price or a resting (and nondisplayed) order on the EDGX Options Book will, therefore, not result in a displayed locked market.

The proposed rule change also ensures that a resting AON order will not lock the price of a Protected Quotation on the EDGX Options Book. This prevents the situation in which an incoming order may execute ahead of the resting non-AON order. For example, if a non-AON order to buy 1 at 1.10 is resting on the EDGX Options Book, and an AON order to sell 5 (and thus is not satisfied by the resting interest) at 1.10 enters the EDGX Options Book, if the System permitted the AON order to rest at a price of 1.10 (rather than reprice the AON to rest at 1.15 as proposed), if subsequently an AON to buy 5 at 1.10 was submitted to EDGX Options, that AON would execute against the resting AON at 1.10, and thus ahead of the non-AON order to buy.[17] The proposed rule change will also reprice an AON order to a more aggressive price up to the limit price at which it would be able to execute without causing a trade-through as the market changes.[18]

Cboe Options does not have functionality that corresponds to the Price Adjust process. However, Cboe Options rules do not provide any special handling that applies to AON orders that lock or cross orders on Cboe Options or the quote of an away options

---

17 Priority rules apply to orders resting in the Book, not incoming orders. Therefore, with respect to an incoming order, the System checks opposite side interest to see if the incoming order can execute. It does not check to see if there is same-side interest ahead of which it cannot trade, as there would only be marketable same-side interest (from a price perspective) that would not otherwise execute against opposite side interest if such opposite side interest was an AON order.

18 See Rules 27.2 (which prohibits trade-throughs, subject to certain exceptions) and 27.3 (requires the Exchange to reasonably avoid displaying quotes that lock a Protected Quotation).

market. Therefore, pursuant to Cboe Options' rules, if an AON order is unable to execute upon entry into the Cboe Options System (or after routing, if eligible for routing pursuant to Cboe Options' rules), the AON order will rest at its price, even if it locks or crosses the Cboe Options BBO or the quote of an away options market.[19] The proposed rule change will similarly permit an AON order to rest at a price that locks the quote of an away options market, as well as an AON order resting on the EDGX Options Book at a price at or better than the EDGX Options BBO. On Cboe Options, an AON order resting at a price that locks or crosses an order may only execute in accordance with the priority principles set forth in Cboe Options Rule 6.45 and may not execute at prices that would cause a trade-through pursuant to Cboe Options Rule 6.81. The Exchange believes the proposed rule change ultimately creates the same result for a resting AON order that would otherwise occur on Cboe Options (the proposed rule change merely changes the price of an AON order upon entry rather than at the time of execution), and in some cases results in price improvement for an AON order.

For example, as proposed, if the EDGX BBO was 1.15 x 1.30 (size of 50), and the NBBO was 1.15 x 1.20 (size of 50), and a User submitted an AON order for 100 to buy at 1.25, the AON order would rest on the EDGX Options Book with a price of 1.20 (which locks the Protected Offer of 1.20). If an order to sell 100 at 1.20 was later submitted to EDGX Options, it would execute against the resting AON order at its ranked price of 1.20. On Cboe Options, the AON would rest at 1.25. If an order to sell 100 at 1.20 was later submitted to Cboe Options, it would execute against the resting AON order at a price of

---

[19] If the AON order submitted to Cboe Options was a market order and was unable to execute for any reason, it would cancel in accordance with the terms of a market order. This is consistent with the handling of any other market order that was not able to execute on the Exchange.

1.20 (and thus the same price at which it would execute on EDGX Options), as executions may only occur at or within the NBBO.

Additionally, suppose the EDGX BBO was 1.15 x 1.25 (non-AON order with size of 50), and was also the NBBO, and a User submitted an AON order for 100 to buy at 1.25, the AON order would rest on the EDGX Options Book with a price of 1.20 (which is one minimum price variation below the resting non-AON order). If an order to sell 100 at 1.20 was later submitted to EDGX Options, it would execute against the resting AON order at a price of 1.20 (which results in price improvement for the AON order). On Cboe Options, the AON would rest at 1.25. If an order to sell 100 at 1.20 was later submitted to Cboe Options, the AON would receive execution at a price of 1.25.[20] The Exchange believes the proposed rule change is an enhancement that will prevent such incoming orders to trade against a resting AON at the same price as a resting non-AON order on the opposite side of the market that had insufficient size to trade against the AON order.

As another example, if the EDGX BBO was 1.15 x 1.30 and was also the NBBO, and there was a sell AON order for 50 to sell at 1.25 resting on the EDGX Options Book, and a User submitted an AON order for 100 to buy at 1.25, the incoming AON order would rest on the EDGX Options Book at 1.25 (which locks the resting AON order). If an order to sell 100 at 1.25 was later submitted to EDGX Options, it would execute against the resting AON order to buy at 1.25. This is the same result that would occur on Cboe Options.

Because the proposed Price Adjust process always applies to an AON order, which provides that an AON order may rest at a price that locks the price of an away options exchange, proposed Rule 21.9(a)(3)(B) states that a User may not apply the Super

---

20 See Cboe Options Rule 6.45.

Aggressive Re-Route instruction. The Super Aggressive Re-Route instruction provides that if an order resting on the EDGX Options Book at a price that becomes subsequently locked or crossed by the price of another options exchange, the System will route the order to that exchange. This instruction conflicts with the proposed Price Adjust process for an AON order, which may enter the EDGX Options Book at a price that locks the price of another options exchange. A User may apply the Aggressive Re-Route instruction pursuant to Rule 21.9(a)(3)(A), pursuant to which a resting AON order may be re-routed if its price is subsequently crossed by another options exchange.

Cboe Options does not have a process that corresponds to the Exchange's Re-Route instructions. As a result, if an AON order were resting on the Cboe Options Book, it will remain there, even if it is resting at a price that subsequently becomes locked or crossed by another options exchange. AON orders resting on the EDGX Options Book that subsequently become locked by another options exchange will be handled in the same manner as those AON orders would be handled by Cboe Options – they will remain on the EDGX options Book and not route to an away market. However, because the Exchange will make the Aggressive Re-Route instruction available to AON orders (which Users may specify when submitting AON orders), the proposed rule change will provide an AON order submitted to the Exchange that includes an Aggressive Re-Route instruction and rests at a price that subsequently becomes crossed by another options exchange with additional routing (and thus execution) opportunities not currently available to AON orders on Cboe Options.

The proposed rule change provides that the Exchange will accept AON orders for queuing prior to the completion of the Opening Process, but AON orders will not participate in the Opening Process. Following completion of the Opening Process, the System processes any queued AON orders in accordance with Rule 21.8.[21] In other words, it may execute if possible or rest in the EDGX Options Book, subject to a User's instructions (for example, the User may cancel the AON order). As set forth in Rule 21.7(b), the System executes orders at the opening price, in accordance with standard priority (as discussed below, AON orders will have last priority at each price level). Given the size contingency of an AON order and the last priority of AON orders, it will not be known whether there will be sufficient size to execute AON orders at the opening price until after the System executes all other interest at the opening price. AON orders will be eligible for execution once a series is open for trading.

Currently on Cboe Options, AON orders may participate in the opening process in classes in which it has activated the Hybrid Agency Liaison ("HAL") for openings.[22] HAL is the Cboe Options equivalent to the Exchange's Step Up Mechanism ("SUM"). EDGX does not activate SUM for openings, making classes trading on EDGX similar to classes trading on Cboe Options in which Cboe Options has not activated HAL for openings. Therefore, the proposed rule change is consistent with the Cboe Options rule.

Additionally, the opening process on Cboe Options is an auction and thus significantly different than the Exchange's Opening Process, which is a cross at a valid price as set forth in Rule 21.7. The Exchange believes it is best for investors to open a series for trading as soon as possible. As noted above, it will not be known whether there will be sufficient size to execute AON orders at the opening price until after the System executes all other interest at the opening price, since AON orders will have last priority. The Exchange

---

21 See proposed Rule 21.7(a).

22 See Cboe Options Rule 6.2(c)(i)(B).

believes it is appropriate to exclude AON orders from the Opening Process to ensure series can open as fast as possible. Currently, once the Exchange determines the Opening Price for a series (for example, the NBBO), it executes as much interest as possible at that price and opens a series. If AONs were eligible for execution during the Opening Process, after executing non-AON interest, the System would then have to check to determine whether there was sufficient size to execute against any AON orders. Rather than delay the opening of a series to determine whether an execution of AON orders can occur (and no execution may ultimately occur), the Exchange believes it is appropriate to open the series and let all non-executed orders (including AONs) be eligible for execution in an open trading state. Execution of any AON orders whose size contingency can be satisfied by any other interest on the Exchange would occur just after the opening of the series, which is close to the time at which it would have executed if the System waited to open the series and executed these orders during the Opening Process. Therefore, the Exchange believes not attempting to execute AON orders until after the Opening Process would have a de minimis impact, if any, on the time of execution of an AON order.

Proposed Rule 21.8(m) sets forth the priority of AON orders. AON orders will have last priority at each price level (including after nondisplayed Reserve Quantity). The System allocates AON orders at the same price based on the time the System receives them (*i.e.*, in time priority), except if the Exchange applies the Customer Overlay to a class, Priority Customer AON orders have priority over non-Priority Customer AON orders.[23] An

---

[23] This priority is the same as the priority of AON orders on Cboe Options. See Cboe Options Rule 6.45(a)(v)(D). This priority is also consistent with Cboe Options Rule 6.44, Interpretation and Policy .01, which the Exchange is not explicitly adopting because it is redundant with this proposed provision, because having last priority means that AON orders will only trade if there is no other

AON order must always be last in priority to ensure there is sufficient size to satisfy the condition of that order to trade in its entirety after all other orders at the same price have executed. Additionally, the Exchange believes it is reasonable for orders not displayed in the book to not receive priority over orders that are displayed, as this encourages market participants to display their best bids and offers, which may lead to enhanced liquidity and tighter markets. This is consistent with the non-inclusion of AON orders in the BBO or NBBO, as discussed above.

The proposed rule change states that a transaction may occur at the same price as an AON order resting on the EDGX Options Book without the AON order participating in the transaction, and that a transaction may occur at a price lower (higher) than an AON order bid (offer) resting on the EDGX Options Book if the size of the transaction is less than the size of the resting AON order. As discussed above, an AON order will trade last at each price level. These proposed provisions ensure execution of an AON order if there is sufficient size to satisfy the AON order, while not preventing execution of orders that can execute against other interest but cannot satisfy the AON order size contingency.[24]

Users may designate AON orders to be routable pursuant to Rule 21.9. Pursuant to proposed rule 21.9(a)(1), the System only routes an AON order (as an FOK) designated as available for routing to options exchanges with sufficient size to satisfy the AON order. Pursuant to current Rule 21.9(a)(1), orders are routed as IOCs. Because a FOK order is equivalent to an AON order designated as IOC, routing an AON as a FOK is consistent with the Exchange's current routing rule. Only routing an AON order to an exchange with

---

interest at the same price. Cboe Options Rule 6.44 does not address customer priority.

24 These provisions are substantively the same as Cboe Options Rule 6.44, Interpretation and Policy .02.

sufficient size to satisfy the AON order ensures the System will only route an AON order at which it may receive an execution.[25]

An AON order may be exposed pursuant to the Exchange's Step Up Mechanism ("SUM") pursuant to Rule 21.18. An AON order will be exposed and executed in the same manner as a non-AON order during SUM, except as follows:

- Currently, any responses priced at the prevailing NBBO[26] or better, and any unrelated order (or quote) on the opposite side of the market from the exposed order that could trade against the exposed order at the prevailing NBBO or better, will immediately trade against the exposed order, and the exposure period will continue.[27] A SUM exposure period will currently terminate upon the receipt of a response (or unrelated order or quote) to trade the entire exposed order at the NBBO or better.[28] Because an AON order cannot partially execute pursuant to its terms, the proposed rule change provides that during the exposure of an AON order, the System will hold responses priced at or better than the prevailing NBBO (rather than trade against the exposed AON immediately) until there is sufficient aggregate size to satisfy the AON order, and that a SUM exposure period will terminate upon the receipt of multiple responses with sufficient aggregate size to satisfy the AON

---

25 If the size at the away options exchange was not available when the AON order arrived at the away options exchange, it would return to the Exchange and continue to be processed, as is the case for any other order that routes to an away options exchange and is unable to execute. While not specified in Cboe Options rules, the Exchange understands this proposed change is the same as Cboe Options functionality.

26 References to the "prevailing NBBO" mean the NBBO at the time of any execution.

27 See Rule 21.18(c)(1) and (2).

28 See Rule 21.18(d).

order.[29] The proposed rule change also states that if the exposed order is an AON order, the exposure period will terminate upon the receipt of multiple responses and unrelated orders in quotes with sufficient aggregate size to satisfy the exposed AON order.[30] This is consistent with size contingency of an AON order and will provide an AON order with opportunities to have its size contingency met during an exposure period, while ensuring the entire AON order will trade at a price equal to or better than the NBBO.

- Currently, as noted above, if the Exchange receives an unrelated order or quote that could trade against the exposed order at the prevailing NBBO price or better, that order executes against the exposed order, and the exposure period continues. The proposed rule change states if an AON order is exposed and the Exchange receives an unrelated order (or quote) that would be displayed at a price at or better than the NBBO with insufficient size to satisfy the exposed order, the SUM exposure period terminates and the exposed order is processed pursuant to Rule 21.18(c) (it either executes, routes, or enters the EDGX Options Book, subject to a User's instructions).[31] If an AON order is exposed and the Exchange receives an unrelated AON order with a price at or better than the NBBO with insufficient size to satisfy the exposed order the exposure period will continue.[32] This is consistent

---

29 See proposed Rule 21.18(c)(1) and (d).

30 While not specified in Cboe Options rules, the Exchange understands this proposed change is the same as Cboe Options functionality.

31 See proposed Rule 21.18(d)(3). While not explicitly stated in Rule 21.18(c), pursuant to Rule 21.9(a)(1), any order that does not execute in full after routing away may be posted (the unfilled balance) to the EDGX Options Book.

32 This is because the incoming AON order would not be displayed at a price at or better than the NBBO.

with current SUM functionality, pursuant to which the exposed price of an order will not lock the Exchange's opposite side BBO if the BBO is not at the NBBO. Because a SUM would not have begun if the Exchange displayed a contra-side order at the NBBO, the Exchange believes it is appropriate to terminate the exposure period if that situation arises during the exposure period. Unlike when non-AON orders are exposed, an unrelated order (if it is smaller than the exposed AON order) will not execute against the exposed order, and thus would enter the EDGX Options Book. For example, suppose the NBBO is 1.00 x 1.20 and the EDGX Options BBO is 1.00 x 1.25, and an AON order to buy 10 at 1.20 is exposed at 1.20 pursuant to SUM. During the exposure period, the Exchange receives an order to sell 5 at 1.20. The incoming order cannot satisfy the size of the exposed AON order, so it would enter the EDGX Options Book and would cause the EDGX Options BBO to become 1.00 x 1.20. Therefore, upon receipt of that order, the exposure period terminates and the exposed AON order will be process pursuant to Rule 21.18(c) (as further discussed below, it will be routed or will enter the EDGX Options Book, subject to a User's instructions). In this case, if there is insufficient size at the away markets to execute the AON order at 1.20 (and assuming the AON order is eligible for routing), the AON order will enter the EDGX Options Book and rest at a bid of 1.15 (pursuant to the Price Adjust process described above, an AON order will be ranked at one minimum price variation (in this case, 0.05) below the opposite side BBO).

Except as noted above, an exposed AON order will be processed in the same manner as any other order exposed through a SUM auction. If at the end of the exposure period there is sufficient size to satisfy the AON order, it will execute. If there is insufficient size, then the Exchange would route the AON order if there was sufficient size at an away market to satisfy the AON order (unless otherwise instructed by the User), as it would any remaining portion of any other exposed order (in the case of an AON order, the entire size would be remaining).[33] Like any AON order that routes to another options exchange, if there is sufficient size at the away market to satisfy the AON order once the AON reaches that market, the AON will execute. If there is no longer sufficient size when routed, the AON will return and rest on the EDGX Options Book. Similarly, if an AON order is not eligible to route, it will enter the EDGX Options Book (subject to the User's instructions).

The proposed reason to terminate the exposure period for an AON order early similarly will cause an exposure period to end, because if an order on the opposite side of the exposed order were displayed on the EDGX Options Book prior to the exposure period, the AON order would not have been exposed. For example, if the BBO and the NBBO was 1.00 x 1.20, and there was a non-AON order for 5 contracts resting at the 1.20 offer, an incoming AON order to buy 10 at 1.20 would not be exposed pursuant to SUM, because neither of the conditions in Rule 21.18(a) would be present). In this case, the AON order would enter the EDGX Options Book at a price of 1.15 (pursuant to the Price Adjust process as proposed above). Similar to the current reasons that would cause an exposure period to terminate early (see current Rule 21.18(d)), the proposed early termination provision will prevent an exposure period from continuing while conditions exist that would have prevented an exposure period from beginning if those conditions existed prior to the exposure period.

---

[33] See Rule 21.18(c)(4) and (5).

The proposed rule change amends Rule 21.19(e) to provide that AON orders will have last priority at price levels better than the stop price following the conclusion of an Automated Improvement Mechanism ("AIM") auction if there is sufficient size to satisfy the size of the AON order (with Priority Customer AON order trading ahead of non-Priority Customer AON orders). AON orders resting at the stop price will not trade against the Agency Order, even if the Initiating Member of an AIM auction selects last priority.[34] As discussed above, AON orders will have last priority at each price level. The Exchange notes there would be significant technical complexities associated with reprogramming priority within the System to provide AON orders with second to last priority in a specific (and likely uncommon situation), as would be required to permit AON orders to execute at the stop price, even if the Initiating Member selects last priority. The Exchange believes it would be rare for there to be a resting AON order at the stop price of an AIM Auction that could be satisfied by the remaining contracts of an Agency Order at that stop price, and thus the Exchange believes the proposed rule change will have a de minimis impact, if any, on the execution opportunities for resting AON orders.

The proposed rule change also provides that the System will exclude the size of any AON orders when determining the number of contracts the Initiating Order will execute against at each price level better than the stop price when the Initiating Member selects auto-

---

34 See Rule 21.19(e)(1) and (5). The proposed rule change amends Rule 21.19(e)(1), which sets forth the priority of resting orders at the stop price, to state that AON orders will be excluded when the Agency Order executes against contra-side interest (after Priority Customer Orders, the specified percentage of the Initiating Order, and Priority Orders). Therefore, AON orders at the stop price will not execute at the stop price in any situation. While not specified in Cboe Options rules, the Exchange understands this proposed change is the same as Cboe Options functionality.

match.[35] Due to the size contingency of an AON order, the System cannot determine whether there will be sufficient contracts remaining in the Agency Order to execute against any AON order at a price level until after execution of the applicable number of contracts against the Initiating Order and other contra-side interest. However, after those auto-match executions at that price level, the System will execute the Agency Order against any AON orders at that price level for which the size can be satisfied by the remaining contracts in the Agency Order.[36]

The Exchange proposes to make the AON instruction available for complex orders.[37] An AON complex order is a complex order that (like an AON simple order) is to be executed in its entirety or not at all.[38] An AON complex order may only execute following a complex order auction ("COA"),[39] and will not be eligible to rest in the complex order book ("COB").[40] An incoming AON complex order will initiate a COA. If a Member

---

35 See proposed Rule 21.19(e)(3). While not specified in Cboe Options rules, the Exchange understands this proposed change is the same as Cboe Options functionality.

36 See proposed Rule 21.19(e)(3). After executions at price levels better than the stop price, including against AON orders for which the size can be satisfied at those price levels, if there are remaining contracts from the Agency Order at the stop price, those contracts will execute against contra-side interest as set forth in subparagraph (e)(1). While not specified in Cboe Options rules, the Exchange understands this proposed change is the same as Cboe Options functionality.

37 See Cboe Options Rule 6.53C(b); see also Phlx Rule 1098(b)(v); and ISE Rule 722(b)(3). The proposed rule change amends Rule 21.20(b) to change references to the term "User" to "Member" to be consistent with the remainder of Rule 21.20, which only uses the term "Member."

38 See proposed Rule 21.20(b)(6).

39 See Rule 21.20(d).

40 While not specified in Cboe Options rules, the Exchange understands AON complex orders on Cboe Options may only initiate a COA and will be cancelled if not executed following a COA (and thus are not eligible to rest in the Cboe Options COB). This is set forth in Cboe Options Regulatory Circular RG17-042

marks an AON complex order to not initiate a COA (*i.e.*, as a do-no-COA order), or an AON complex order does not satisfy the COA eligibility criteria in Rule 21.20(d)(1), the System cancels the AON complex order.[41] The Exchange believes that, like AON simple orders, AON complex orders that would rest on the COB would have last priority, and would have even fewer execution opportunities because they would not be able to execute at the same price as resting interest until after both simple and complex order interest executed. Therefore, an AON complex order resting on the COB would have minimal execution opportunities given its size contingency. The Exchange believes there would be little value, in terms of executing opportunities, in permitting AON complex orders to rest in the COB.

At the conclusion of a COA of an AON complex order, the AON complex order may only execute against COA responses and unrelated complex orders on the COB in price-time priority if there is sufficient size to satisfy the AON complex order. If there is insufficient size to satisfy the AON complex order at the conclusion of the COA, the System cancels the order.[42] AON complex orders may not Leg into the Simple Book to execute against individual orders in the legs because of the manner in which complex orders on EDGX execute following a COA.[43] Pursuant to current EDGX Rules for execution following a COA, a complex order will be allocated first in price priority and then at the

---

(March 24, 2017), available at https://www.cboe.com/publish/RegCir/RG17-042.pdf. Other options exchanges require AON complex orders to be IOC, and thus similarly do not permit AON complex orders to rest in a complex order book. It is not clear from their rules whether such orders may enter a complex order auction on those exchanges. See, e.g., ISE Rule 722(b)(3).

41 See proposed Rule 21.20(b)(2) and (d)(1).

42 See proposed Rule 21.20(d)(7). Currently, after a COA, a complex order will execute first against Priority Customer orders resting on the Simple Book, then against COA responses and unrelated orders on the COB, and finally against remaining individual orders in the Simple Book. See Rule 21.20(d)(7).

43 See proposed Rule 21.20(c)(2)(F) and (d)(7).

same price to Priority Customer orders resting on the Simple Book, COA responses and unrelated complex orders on the COB in time priority, and remaining individual orders in the Simple Book (*i.e.*, non-Priority Customer), which will be allocated pursuant to Rule 21.8.[44]

The Simple Book and the COB are separate, and orders on each do not interact unless a complex order Legs into the Simple Book. As a result, the System is not able to calculate the aggregate size of COA responses and complex orders on the COB and the size of simple orders in the legs that comprise the complex strategy at each potential execution price (as executions may occur at multiple prices) prior to execution of an order following a COA. Following a COA, the System first looks to determine whether there are Priority Customer orders resting in the Simple Book at the final auction price (and in the applicable ratio). If there are, the System executes the complex order against those simple orders. Following that execution, the System then looks back at the COA responses and complex orders resting in the COB to determine whether there is interest against which the order can execute. If there is, the System executes the remaining portion of the complex order against that complex contra-side interest. Finally, if there is any size left, the System looks back at the Simple Book to determine whether any orders in the legs are able to trade against any remaining contracts in the complex order. If there is, the System executes the remaining portion of the complex order again against orders in the Simple Book. Because of this process, prior to execution against any Priority Customer orders, the System would not know whether there is sufficient aggregate interest in both the Simple book and COB to satisfy the entire size of the AON. Additionally, it is possible for a complex order to execute

---

44 See Rule 21.20(d)(7).

at multiple price levels. This process would have to occur at each price level. Therefore, if the Exchange were to permit Legging of AON complex orders into the Simple Book, it would be possible for a partial execution to occur, which is inconsistent with the AON instruction. The Exchange notes there would be significant technical complexities associated with reprogramming priority within the System to permit AON complex orders to Leg into the Simple Book and provide AON orders with priority consistent with these standard priority principles. Only permitting an AON complex order to execute against COA responses and complex orders in the COB ensures the size contingency of the AON complex order can be satisfied.[45]

To ensure protection of orders on the Simple Book given this restriction on Legging, an AON complex order may only execute following a COA if it improves the then-current (*i.e.*, existing at the conclusion of the COA) synthetic Exchange best bid or offer ("SBBO").[46] If there is insufficient size among COA responses and unrelated complex orders to satisfy the AON complex order following a COA, the System cancels the order.[47]

(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

---

45 Cboe Options does not restrict AON orders from legging into its simple book. The priority on Cboe Options differs from the priority on EDGX Options (on Cboe Options, all orders on the simple book have priority over the complex book). However, another options exchange restricts AON orders from legging into the simple book during the complex order opening process, from the complex order book, and following a complex order price improvement auction (similar to COA). See, e.g., Phlx Rule 1098(d)(ii)(C)(2), (e)(vi)(A), (e)(viii)(C)(3), and (f)(iii)(A). Phlx also only permits non-broker-dealer customers to submit AON complex orders. See Phlx Rule 1098(b)(v).

46 See proposed Rule 21.20(c)(2)(E) and (d)(6).

47 See proposed Rule 21.20(d)(7).

the Exchange and, in particular, the requirements of Section 6(b) of the Act.[48] Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[49] 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)[50] requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the proposed rule change protects investors because it provides them with an additional order instruction that may be applied to both simple and complex orders. This provides investors with additional flexibility and more control over their executions of both simple and complex orders on the Exchange. The proposed rule change also benefits investors by providing transparency regarding how the System will handle and execute AON orders, which handling and execution are consistent with the size contingency of AON orders. As noted above and below, the proposed definition and

---

[48] 15 U.S.C. 78f(b).

[49] 15 U.S.C. 78f(b)(5).

[50] Id.

several other portions of the proposed rules are based on rules and current functionality of Cboe Options.[51]

The Exchange believes not permitting Users to apply the Post Only instruction to AON orders will protect investors, because it will maximize execution opportunities for AON orders. An AON order's size contingency, and the fact that AON orders will have last priority while resting in the EDGX Options Book, will provide AON orders resting on the EDGX Options Book with few opportunities for AON orders to receive an execution. For this reason, the Exchange believes there will be minimal investor demand for Post Only AON orders. This ensures that an AON order may execute upon entry if there is sufficient size resting on the EDGX Options Book. Additionally, as noted above, other exchanges do not permit AON orders to rest in the book at all (as they are required to be IOC).[52] Unlike those exchanges, the Exchange will permit AON orders to rest in the EDGX Options Book, and will merely not permit AON orders to only rest in the book. Cboe Options does not offer a Post Only instruction, and therefore, an AON order submitted to EDGX Options will be handled in the same manner as it would be handled on Cboe Options, as such an order would execute upon entry (if possible), route (if eligible), or enter the EDGX Options Book (subject to any User instructions).

The Exchange believes the proposed rule change to offer use of the MCN Modifier (and not the other MTP Modifiers) for AON orders protects investors, because it provides all investors with the option to apply match-trade prevention functionality to AON orders. The Exchange believes there will be little demand for the use of any MTP Modifiers on

---

51 See Cboe Options Rules 6.53(i) and 6.44, Interpretations .02 and .03; see also ISE Rule 715(c); and NOM Chapter VI, section 1(e)(10).

52 See, e.g., ISE Rule 715(c); NOM Chapter VI, section 1(e)(10); and Phlx Rule 1066(c)(4).

AON orders given that primarily retail investors submit AONs, and retail investors are unlikely to have interest on both sides of the market. Given this expected minimal demand, the Exchange believes offering one MTP Modifier for AON orders is sufficient. Additionally, the Exchange believes that MCN is the most appropriate MTP modifier for AON orders because an offering of other MTP modifier for investors would present significant technical complexities given the size contingency of AON orders and that MCN is the simplest modifier to implement from a System perspective.[53] The proposed rules provide investors with sufficient transparency regarding how the System will handle AON orders with MTP Modifiers, and Users may achieve other results manually if so desired. For example, if a User were to prefer to have a resting order with an MTP Modifier cancel and let the newer AON order rest, it could manually cancel the resting order and then resubmit the AON order. The Exchange has determined to handle an AON order with any other MTP Modifier as an MCN rather than cancel the AON, and the Exchange believes the proposed rules will protect investors because they provide investors with sufficient transparency regarding how the System will handle AON orders with MTP Modifiers. Additionally, Users may achieve other results manually if so desired.

Cboe Options offers match trade prevention only for market-makers, and thus the Cboe Options rules regarding AON orders contains no restrictions on the use of match trade prevention instructions, as it would only be available to market-makers that submit AON orders. Because the Exchange has match-trade prevention functionality available for all Users and not just Market-Makers, the Exchange believes it is appropriate to provide this functionality to all Users that submit AON orders and want match trade

---

53 Additionally, the Decrement and Cancel MTP Modifier is inconsistent with an AON order, because it may result in partial execution of an order.

prevention functionality. The Exchange believes offering one MTP Modifier is sufficient given that non-market-makers on Cboe Options currently have no match-trade prevention functionality available for AON orders.

The Exchange believes the proposed Price Adjust process with respect to AON orders will protect investors, because it will rest an AON order on the EDGX Options Book at an executable price (*i.e.*, a price that locks or is one minimum price variation away from the new Protected Quotation or AON resting on the EDGX Options Book at or better than the Exchange's BBO) while preventing trade-throughs as the market changes and protecting non-AON orders resting on the opposite side of the EDGX Options Book. The proposed process will generally re-price the incoming (and thus later arriving order), which is consistent with the current Price Adjust process. However, the proposed rule change will reprice a resting AON order rather than an incoming non-AON order, because AON orders have last priority (as discussed below) and are not displayed, and thus should not cause the price of a non-AON order to reprice. Repricing an AON order one minimum price variation away from the price of a resting non-AON order is consistent with the repricing that applies to non-AON orders that lock or cross the opposite side NBBO.

The Exchange believes the proposed rule change will remove impediments to and perfect the mechanism of a free and open market and a national market system, because it is consistent with linkage rules. AON orders will not be part of the EDGX BBO, and repricing an AON order to lock the Protected Quotation of an away market or a resting (and nondisplayed) AON order on the EDGX Options Book at a price at or better than the Exchange's BBO will, therefore, not result in a displayed locked market in accordance with linkage rules.[54] The Exchange believes the proposed rule change is a reasonable application of the current Price Adjust process to avoid displaying a locked or crossed market and to prevent trade-throughs while making AON orders resting on the EDGX Options Book available for execution at executable prices (*i.e.*, a price that locks (but not crosses) a Protected Quotation of another options exchange or another AON resting on the EDGX Options Book, but not a price that locks or crosses a Protected Quotation on the EDGX Options Book. The proposed process will generally re-price the incoming (and thus later arriving order), which is consistent with the current Price Adjust process. However, the proposed rule change will reprice a resting AON order rather than an incoming non-AON order, because AON orders have last priority (as discussed above) and are not displayed or protected, and thus should not cause the price of an incoming non-AON order to reprice.

Cboe Options does not have functionality that corresponds to the Price Adjust process. Therefore, an AON order that enters the Cboe Options book may rest at a price that locks or crosses the Cboe Options market or an away market (and thus, it is not novel or unique to permit an AON order to rest at a price that locks or crosses the Exchange's market or an away market, as the proposed rule change permits). As demonstrated above, even though the proposed rule change does not permit an AON order to rest at a price that crosses an away market or an AON order on the EDGX Options Book, or that locks or crosses a Protected Quotation on the EDGX Options Book, the Price Adjust process as proposed will ultimately create the same potential execution for an AON order resting on the EDGX Options Book that would otherwise occur for an AON order resting on the Cboe Options Book, and in some cases may result in price improvement for an AON.

---

[54] See Rule 27.3(a).

Additionally, while the current Price Adjust process does not permit an incoming order to rest at a price that locks a Protected Quotation on the Exchange or an away options exchange, the display-price sliding process on BZX Options does permit an incoming order to be ranked and eligible for execution at a locking price.[55] Pursuant to the BZX display-price sliding process, an order 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 opposite-side NBBO. While an AON order, as proposed, will not be displayed at any price on the Exchange (as an AON order is never displayed), it will be ranked at a price that locks a Protected Quotation of an away market (and a resting AON order on the Exchange).

Recently, NYSE Arca, Inc. ("Arca") adopted order types called the Repricing Liquidity Adding Order ("RALO") and the Repricing Post No Preference Order ("RPNP").[56] While these are different order types than an AON, pursuant to the repricing process, if either of these orders would not be able to trade upon entry (for example, because the RALO would take liquidity or display at a price that locks or crosses any interest on the Exchange or the NBBO), it would be displayed at one minimum price variation below (above) such sell (buy) interest. However, it would have an undisplayed price at which it is eligible to trade. The displayed and nondisplayed prices would move as the market moves. Like these order types, an AON order will rest at an undisplayed price (which price will move as the market moves) at which it is eligible for execution (in accordance with linkage

---

55 See BZX Options Rule 21.1(h).

56 See Securities Exchange Act Release No. 84737 (December 6, 2018), 83 FR 63919 (December 12, 2018) (SR-NYSEArca-2018-74) (order approving the proposed order types).

rules). However, an AON order will not have a displayed price, as it is never displayed (unlike an RALO or RPNP).

Therefore, it is not novel or unique to permit an order to be ranked at an undisplayed price on an exchange at a price that locks the best-priced quote of that exchange or an away exchange, at which price it is eligible for execution, and which price may be adjusted in response to changes in the market.

The proposed rule change to only route an AON order as a FOK to options exchanges with sufficient size to satisfy the AON order will remove impediments to and perfect the mechanism of a free and open market and a national market system, because it is consistent with linkage rules and current Cboe Options functionality.

The proposed rule change to not permit use of the Super Aggressive Re-Route instruction to AON orders is consistent with the proposed Price Adjust process, which provides that an AON order may rest at a price that locks the price of an away options exchange. This proposed change will remove impediments to and perfect the mechanism of a free and open market and a national market system, because it is consistent with linkage rules. The Super Aggressive Re-Route instruction provides that an order on the EDGX Options Book that subsequently locks or crosses the price of another options exchange, the System will route the order to that exchange to an AON order. This instruction conflicts with the proposed Price Adjust process for an AON order, which may enter the EDGX Options Book at a price that locks the price of another options exchange, which price is executable if subsequent contra-side interest is submitted to the Exchange.

The proposed rule change will further remove impediments to and perfect the mechanism of a free and open market and a national market system, because it will handle resting AON orders that become subsequently locked by an away market in the same manner as Cboe Options handles resting AON orders that become subsequently locked by an away market. In both cases, AON orders will remain on the local respective book. However, the proposed rule change will benefit investors, because it provides a resting AON order that becomes subsequently crossed by an away market with an opportunity (if a User designated the order with the Aggressive Re-Route instruction) to route to the away market for execution. This execution opportunity is not currently available on Cboe Options, and thus a similar AON order would remain on the Cboe Options book.

The proposed rule change to exclude AON orders from participating in the Exchange's opening process will protect investors and promote just and equitable principles of trade, because it will provide for the opening of a series for trading as soon as possible and not delay the opening of a series to attempt to execute AON orders (which ultimately may not be able to execute). The Exchange believes not attempting to execute AON orders until after the Opening Process would have a de minimis impact, if any, on the time of execution of an AON order that is able to execute at the opening. The proposed rule change will remove impediments to and perfect the mechanism of a free and open market and a national market system, because excluding AON orders from participating during the Opening Process is equivalent to Cboe Options excluding AON orders from participating in its opening process in classes in which it has not activated HAL, because the Exchange has not activated SUM during the Opening Process.[57]

---

[57] See Cboe Options Rule 6.2(c)(1)(B). Additionally, Cboe Options' opening process is an auction and thus significantly different than the Exchange's Opening Process, which is a cross at a valid price as set forth in Rule 21.7.

The Exchange believes the proposed rule change regarding the priority and allocation of AON orders promotes just and equitable principles of trade, as it is reasonable for orders not displayed in the book to not receive priority over orders that are displayed, as this encourages market participants to display their best bids and offers, which may lead to enhanced liquidity and tighter markets. The Exchange believes an AON order must always be last in priority at each price level to ensure there is sufficient size to satisfy the condition of that order to trade in its entirety after all other orders at the same price have executed. The proposed priority for AON orders will remove impediments to and perfect the mechanism of a free and open market and national market system, because it is the same as the priority of AON orders on Cboe Options.[58]

The Exchange believes the proposed rule change regarding the handling of AON orders exposed pursuant to SUM will protect investor, because it will provide AON orders with execution opportunities when the Exchange is not at the NBBO in a manner consistent with the current SUM process. The proposed rule change modifies the SUM process only to address an AON order's size contingency. The proposed rule change that the exposure period for an AON order will terminate when there is sufficient aggregate contra-side interest to satisfy the exposed AON order is consistent with the current SUM process, except it will not execute any incoming contra-side interest immediately against the exposed AON order, unless it has sufficient size (as occurs for an exposed non-AON order). This will prevent a partial execution in conflict with the AON size contingency. This proposed rule change is also the same as current Cboe Options HAL functionality. The proposed rule change regarding an early termination of the exposure period of an AON order is consistent

---

[58] See Cboe Options Rules 6.44, Interpretation and Policy .01 and 6.45(a)(v)(D); see also Cboe Options Rule 6.44, Interpretation and Policy .02.

with current reasons that will cause an exposure period to terminate, as it will prevent an exposure period from continuing while conditions exist that would have prevented an exposure period from beginning if those conditions existed prior to the exposure period. Except for these two proposed changes, an exposed AON order will be processed in the same manner as any other order exposed through SUM. The proposed rule change will remove impediments to and perfect the mechanism of free and open market and a national market system, because it ensures the entire AON order will trade at a price equal to or better than the NBBO in accordance with linkage rules.

The proposed allocation of AON orders following an AIM auction will protect investors, because it will provide Priority Customers and other displayed interest with priority over non-displayed orders and is consistent with the proposed general priority of AON orders described above. As noted above, the Exchange believes this encourages market participants to display their best bids and offers, which may lead to enhanced liquidity and tighter markets. While AON orders will not be eligible for execution at the stop price, the Exchange believes it would be rare for there to be a resting AON order at the stop price of an AIM Auction that could be satisfied by the remaining contracts of an Agency Order at that stop price. The Exchange notes there would be significant technical complexities associated with reprogramming priority within the System to provide AON orders with second to last priority in a specific (and likely uncommon situation), as would be required to permit AON orders to execute at the stop price, even if the Initiating Member selects last priority. The Exchange believes the proposed rule change will have a de minimis impact, if any, on the execution opportunities for resting AON orders. Similarly, due to the size contingency of an AON order, the System cannot determine whether there will be sufficient contracts remaining in the Agency Order to execute against any AON order at a price level until after execution of the applicable number of contracts against the Initiating Order and other contra-side interest. However, AON orders at each price level better than the stop price for which the size can be satisfied by the remaining contracts in the Agency Order will execute. The Exchange also believes the proposed rule change will remove impediments to and perfect the mechanism of a free and open market and a national market system, because it is the same as the allocation of AON orders following an AIM auction on Cboe Options.

The proposed rule change to require AON complex orders to COA and not permit them to rest in the COB or Leg into the Simple Book will protect investors, because it will provide AON complex orders with opportunities for execution and continue to protect orders on the Simple Book. As the Exchange noted above, there would be significant technical complexities associated with reprogramming priority within the System to permit AON complex orders to Leg into the Simple Book and provide AON orders with priority consistent with the standard priority principles described above. The Exchange notes that other options exchange do not permit AON complex orders to rest in the complex order book[59] or to leg into the simple book.[60] In addition, as described above, the proposed rule change protects resting Leg market interest because AON complex orders may not execute unless they improve the SBBO at the conclusion of a COA.

---

59 See, e.g., ISE Rule 722(b)(3) (which requires AON complex orders to be submitted as IOC orders). While not specified in Cboe Options rules, the Exchange understands this proposed change is the same as Cboe Options functionality.

60 See, e.g., Phlx Rule 1098(e)(vi)(A).

As noted above, the proposed rule change will remove impediments to and perfect the mechanism of free and open market and a national market system, because other options exchanges offer similar functionality.[61] Additionally, as discussed above, the proposed rule change will benefit investors, because it provides additional detail on which the rules of other exchanges are silent, such as detail regarding routing and handling during auctions. The Exchange believes the proposed application of Exchange functionality to AON orders (some of which is not available on other exchanges) is consistent with current Exchange functionality. Additionally, any differences with respect to how that functionality will apply to AON orders have been proposed only due to the size contingency of an AON order and the fact that an AON order is not displayed. The Exchange believes that the proposed rule change will provide Users with transparency regarding how the System will handle their AON orders.

The proposed rule change will protect investors, because it will provide Users with additional flexibility to manage their orders on the Exchange, as well as increased functionality on the Exchange. This may encourage market participants to bring additional liquidity to the market, which benefits all investors. Additionally, this will provide Users with greater harmonization between the order handling instructions available among the Cboe Affiliated Exchanges. The proposed rule change is generally intended to align system functionality currently offered by the Exchange with Cboe Options functionality in order to provide a consistent technology offering for the Cboe Affiliated Exchanges. A consistent technology offering, in turn, will simplify the

---

61 See, e.g., Cboe Options Rule 6.53(i); ISE Rule 715(c); PHLX Rule 1066(c)(4); NOM Chapter VI, Section 1(e)(10); and Arca Rule 6.62-O(d)(4) (AON simple orders); see also Cboe Options Rule 6.53C(b); Phlx Rule 1098(b)(v); and ISE Rule 722(b)(3) (AON complex orders).

technology implementation, changes, and maintenance by Users of the Exchange that are also participants on Cboe Affiliated Exchanges. The proposed rule change would also provide Users with access to functionality that is generally available on options exchanges other than the Cboe Affiliated Exchanges,[62] which will provide Users with additional flexibility and increased functionality on the Exchange's System.

When Cboe Options migrates to the same technology as that of the Exchange and other Cboe Affiliated Exchanges, Users of the Exchange and other Cboe Affiliated Exchanges will have access to similar functionality on all Cboe Affiliated Exchanges. As such, the proposed rule change would foster cooperation and coordination with persons engaged in facilitating transactions in securities and would remove impediments to and perfect the mechanism of a free and open market and a national market system.

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, because use of the AON order instruction on simple and complex orders will be optional and available to all Users. All Users may determine whether to apply an AON order instruction to the simple or complex orders they submit to the Exchange. The System will handle all AON orders submitted to the Exchange in the same manner in accordance with the proposed rule change. The Exchange believes the proposed priority and allocation of AON orders is reasonable, as it is consistent with current allocation

[62] Id.

principles that provide for displayed interest to trade ahead of nondisplayed interest, and ensures an AON order will only execute if there is sufficient size to satisfy its size contingency.

Additionally, the proposed rule change will not impose any burden intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act, because other options exchanges offer similar functionality, as discussed above.[63] The Exchange believes this proposed rule change is necessary to permit fair competition among the options exchanges. Additionally, the Exchange believes the proposed application of Exchange functionality (such as MTP Modifiers, SUM, routing instructions, and AIM) to AON orders is consistent with current Exchange functionality and modified such functionality only to account for the size contingency of an AON order and the fact that an AON order is not displayed, and believes that the proposed rule change will provide Users with additional transparency regarding how the System will handle their AON orders. The Exchange believes that the proposed rule change will relieve any burden on, or otherwise promote, competition, because it will permit the Exchange to offer Users similar functionality that is current available to market participants on other options exchanges.

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.

---

63 See, e.g., Cboe Options Rule 6.53(i); ISE Rule 715(c); PHLX Rule 1066(c)(4); NOM Chapter VI, Section 1(e)(10); and Arca Rule 6.62-O(d)(4) (AON simple orders); see also Cboe Options Rule 6.53C(b), Phlx Rule 1098(b)(v), and ISE Rule 722(b)(3) (AON complex orders).

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

Not applicable.

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

(a) The proposed rule change is filed for immediate effectiveness pursuant to Section 19(b)(3)(A) of Act[64] and Rule 19b-4(f)(6)[65] 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 does not significantly affect the protection of investors or the public interest, because it will provide Users with an additional order instruction they may apply to both simple and complex orders. This will provide Users with additional flexibility to manage their orders, and more control over their executions, on the Exchange, as well as increased functionality on the Exchange. This may encourage market participants to bring additional liquidity to the market, which benefits all investors. The proposed rule change also benefits investors by providing transparency

---

64 15 U.S.C. 78s(b)(3)(A).

65 17 CFR 240.19b-4(f)(6).

regarding how the System will handle and execute AON orders (including during auctions), which proposed handling and execution are consistent with the size contingency and priority status of AON orders. The proposed rule change will continue to protect orders displayed interest over nondisplayed interest, and interest in the leg markets on the Simple Book, while ensuring an AON order will only execute if its size contingency may be satisfied.

The proposed rule change, by providing Users with the option to submit AON orders, will provide Users with greater harmonization between the order handling instructions available among the Cboe Affiliated Exchanges. As noted above, the Exchange intentionally offers certain features that differ from those offered by other Cboe Affiliated Exchanges and will continue to do so, the Exchange believes that offering similar functionality to the extent practicable will reduce potential confusion for Users. The proposed rule change is generally intended to align system functionality currently offered by the Exchange with Cboe Options functionality in order to provide a consistent technology offering for the Cboe Affiliated Exchanges. A consistent technology offering, in turn, will simplify the technology implementation, changes, and maintenance by Users of the Exchange that are also participants on Cboe Affiliated Exchanges. The proposed rule change will provide Users with additional flexibility and increased functionality on the Exchange's System.

The proposed rule change in general does not impose any significant burden on competition. Use of the AON order instruction will be optional and available to all Users. All Users may determine whether to apply an AON order instruction to the simple or complex orders they submit to the Exchange. The System will handle all AON orders submitted to the Exchange in the same manner in accordance with the proposed rule change. Other options exchanges offer similar functionality, as discussed above and below.[66] The Exchange believes that the proposed rule change will relieve any burden on, or otherwise promote, competition, because it will permit the Exchange to offer Users similar functionality that is current available to market participants on other options exchanges. The Exchange believes this proposed rule change is necessary to permit fair competition among the options exchanges.

The proposed rule change to not permit Users to designate an AON order as Post Only will not significantly affect the protection of investors or the public interest, because it will maximize execution opportunities for AON orders. An AON order's size contingency, and the fact AON orders will have last priority while resting in the EDGX Options Book, will provide AON orders resting on the EDGX Options Book with few opportunities for AON orders to receive an execution. For this reason, the Exchange believes there will be minimal investor demand for Post Only AON orders. This ensures that an AON order may execute upon entry if there is sufficient size resting on the EDGX Options Book. The proposed rule change will not impose any significant burden on competition. No Users will be able to designate an AON order as Post Only. Additionally, as noted above, other exchanges do not permit AON orders to rest in the book at all (as they are required to be IOC).[67] Unlike those exchanges, the Exchange will permit AON orders to rest in the EDGX Options Book, and will merely not permit AON

---

66 See, e.g., Cboe Options Rule 6.53(i); ISE Rule 715(c); PHLX Rule 1066(c)(4); NOM Chapter VI, Section 1(e)(10); and Arca Rule 6.62-O(d)(4) (AON simple orders); see also Cboe Options Rule 6.53C(b), Phlx Rule 1098(b)(v), and ISE Rule 722(b)(3) (AON complex orders).

67 See, e.g., ISE Rule 715(c); NOM Chapter VI, section 1(e)(10); and Phlx Rule 1066(c)(4).

orders to only rest in the book. Cboe Options does not offer a Post Only instruction, and therefore, an AON order submitted to EDGX Options will be handled in the same manner as it would be handled on Cboe Options, as such an order would execute upon entry (if possible), route (if eligible), or enter the EDGX Options Book (subject to any User instructions).

The proposed rule change to only permit Users to designate an AON order with the MCN Modifier (and handle AON orders with any other MTP Modifier as MCN) will not significantly affect the protection of investors or the public interest, because it provides all investors with the option to apply match-trade prevention functionality to AON orders. The Exchange believes there will be little demand for the use of any MTP Modifiers on AON orders given that primarily retail investors submit AONs, and retail investors are unlikely to have interest on both sides of the market. Given this expected minimal demand, the Exchange believes offering one MTP Modifier for AON orders is sufficient. Also, in light of the technical complexities that would be required to offer investors the other MTP Modifiers due to the size contingency of AON orders, the Exchange believes that the MCN Modifier is the most appropriate modifier for AON order, as well as the simplest modifier to implement from a System perspective. The proposed rule change provides investors with transparency regarding how the System will handle AON orders with MTP Modifiers, and they may achieve other results manually if so desired. The proposed rule change will not impose any significant burden on competition. The MCN Modifier (and no other MTP Modifier) will be available to all Users to apply to AON orders, and will be voluntary. Cboe Options currently offers match trade prevention only for market-makers. The Exchange believes offering one MTP Modifier is sufficient given the expected minimal demand, and given that non-market-makers on Cboe Options currently have no match-trade prevention functionality available for AON orders. The proposed rule change will provide all Users with match-trade prevention functionality rather than just Market-Makers.

The proposed rule change to apply the Exchange's Price Adjust process to AON orders will not significantly affect the protection of investors or the public interest, because it will allow an AON order to rest on the EDGX Options Book at an executable price (*i.e.*, a price that locks or is one minimum price variation away from the new Protected Quotation or AON resting on the EDGX Options Book at or better than the Exchange's BBO) while preventing trade-throughs as the market changes by repricing an AON order to a more aggressive price up to the limit price, the dissemination of a locked or crossed market, and protecting non-AON orders resting on the opposite side of the EDGX Options Book. The proposed process will generally re-price the incoming (and thus later arriving order), which is consistent with the current Price Adjust process, but will reprice an AON order rather than a non-AON order, because AON orders have last priority (as discussed below) and are not displayed, and thus should not cause the price of a non-AON order to reprice. Repricing an AON order one minimum price variation away from the price of a resting non-AON order is consistent with the current repricing that applies to non-AON orders that lock or cross the opposite side NBBO. Repricing an AON order to lock the price of another resting AON order or the Protected Quotation of an away market, which is not permitted by the current Price Adjust process, is based the distinguishing factor that an AON order will not be displayed on the EDGX Options Book like the other order types on the Exchange. Display of those other order types at a locking price would not be consistent with linkage rules, while the undisplayed rank of an AON at a locking price is consistent with linkage rules).

The proposed rule change will not impose any significant burden on competition. As noted above, an AON order on Cboe Options may rest undisplayed at a price that locks or crosses the Cboe Options market or an away market. Similarly, orders subject to the display-price sliding process on BZX Options and RALO and RPNP orders on Arca permit orders to rest at an undisplayed price at which it is eligible for execution (in accordance with linkage rules).[68] However, an AON order will not have a displayed price, as it is never displayed (unlike an ALO or Post No Preference Order). Therefore, while there are several differences between how the Price Adjust process as proposed will apply to AON orders, the BZX Options display-price sliding process, and the Arca RALO and RPNP order types, it is not novel or unique to permit an order to be ranked at an undisplayed price on an exchange at a price that locks the best-priced quote of that exchange or an away exchange, at which price it is eligible for execution, and which price may be adjusted in response to changes in the market. The fact that an AON order will not have a displayed price, as an order would pursuant to the BZX display-price sliding process would and as an RALO and RPNP order would on Arca, is based on the distinguishing factor that an AON order is never displayed or protected.

The proposed rule change to apply the Exchange's routing rules to AON orders (including to permit the application of the Aggressive Re-Route but not the Super Aggressive Re-Route to an AON order) will not significantly affect the protection of

---

68 See BZX Options Rule 21.1(h); and Securities Exchange Act Release No. 84737 (December 6, 2018), 83 FR 63919 (December 12, 2018) (SR-NYSEArca-2018-74) (order approving the proposed order types).

investors or the public interest, because it will provide AON orders with execution opportunities when the Exchange is not at the NBBO (subject to a User's instructions), as well as re-route opportunities when a resting AON order becomes subsequently crossed by an away market. Additionally, the proposed change is consistent with the proposed Price Adjust process. The proposed rule change will not impose any significant burden on competition. The proposed rule change will apply to AON orders of all Users in the same manner, and designation of an AON order as eligible to route, or to be rerouted pursuant to the Aggressive Re-Route instruction, is within the discretion of Users. Additionally, the proposed rule change regarding routing of AON orders is the same as Cboe Options and is consistent with linkage rules. The proposed rule change to not permit use of the Super Aggressive Re-Route instruction to AON orders is consistent with the proposed Price Adjust process, which provides that an AON order may rest at a price that locks the price of an away options exchange. Additionally, it will handle resting AON orders that become subsequently locked by an away market in the same manner as Cboe Options handles resting AON orders that become subsequently locked by an away market. In both cases, AON orders will remain on the local respective book. However, the proposed rule change will provide a resting AON order that becomes subsequently crossed by an away market with an opportunity (if a User designated the order with the Aggressive Re-Route instruction) to route to the away market for execution. This execution opportunity is not currently available on Cboe Options, and thus a similar AON order would remain on the Cboe Options book.

The proposed rule change to exclude AON orders from participating in the Exchange's opening process will not significantly affect the protection of investors or the public interest, because it will provide for the opening of a series for trading as soon as possible and not delay the opening of a series to attempt to execute AON orders (which ultimately may not be able to execute). The Exchange believes not attempting to execute AON orders until after the Opening Process would have a de minimis impact, if any, on the time of execution of an AON order that is able to execute at the opening. The proposed rule change will not impose any significant burden on competition. AON orders of all Users will be handled during the Opening Process in the same manner. Additionally, excluding AON orders from participating during the Opening Process is equivalent to Cboe Options excluding AON orders from participating in its opening process in classes in which it has not activated HAL, because the Exchange has not activated SUM during the Opening Process.

The Exchange believes the proposed rule change regarding the priority and allocation of AON orders will not significantly affect the protection of investors or the public interest, because by providing displayed orders with priority over nondisplayed order, it encourages market participants to display their best bids and offers, which may lead to enhanced liquidity and tighter markets. The Exchange believes an AON order must always be last in priority at each price level to ensure there is sufficient size to satisfy the condition of that order to trade in its entirety after all other orders at the same price have executed. The proposed rule change will not impose any significant burden on competition. AON orders of all Users will be handled in the same manner. Additionally, the proposed priority of AON orders is the same as the priority of AON orders on Cboe Options.

The proposed rule change regarding the handling of AON orders exposed pursuant to SUM will not significantly affect the protection of investors or the public interest, because it will provide AON orders with execution opportunities when the Exchange is not at the NBBO in a manner consistent with the current SUM process. The proposed rule change modifies the SUM process only to address an AON order's size contingency. The proposed rule change that the exposure period for an AON order will terminate when there is sufficient aggregate contra-side interest to satisfy the exposed AON order is consistent with the current SUM process, except it will not execute any incoming contra-side interest immediately against the exposed AON order, unless it has sufficient size (as occurs for an exposed non-AON order). Also, if an AON order is exposed an unrelated AON order is incoming with a price at or better than the NBBO with insufficient size to satisfy the exposed order the exposure period will continue. This will prevent a partial execution in conflict with the AON size contingency. The proposed rule change regarding an early termination of the exposure period of an AON order is consistent with current reasons that will cause an exposure period to terminate, as it will prevent an exposure period from continuing while conditions exist that would have prevented an exposure period from beginning if those conditions existed prior to the exposure period. Except for these two proposed changes, an exposed AON order will be processed in the same manner as any other order exposed through SUM. The proposed rule change will not impose any significant burden on competition. All AON orders will be processed by SUM in the same manner, and except as proposed, will be processed by SUM in the same manner as all other orders are currently processed by SUM. The proposed rule change to aggregate responses (and other contra-side interest) to execute against an exposed AON order is also the same as current Cboe Options HAL functionality. As noted above, the proposed reason to terminate the exposure period of an AON early is consistent with the current reasons to terminate an exposure period early. The proposed rule change is also consistent with linkage rules.

The proposed allocation of AON orders following an AIM auction will not significantly affect the protection of investors or the public interest, because it will provide Priority Customers and other displayed interest with priority over non-displayed orders and is consistent with the proposed general priority of AON orders described above. As noted above, the Exchange believes this encourages market participants to display their best bids and offers, which may lead to enhanced liquidity and tighter markets. While AON orders will not be eligible for execution at the stop price, the Exchange believes it would be rare for there to be a resting AON order at the stop price of an AIM Auction that could be satisfied by the remaining contracts of an Agency Order at that stop price. As the Exchange noted above, there would be significant technical complexities associated with reprogramming priority within the System to provide AON orders with second to last priority in a specific (and likely uncommon situation), as would be required to permit AON orders to execute at the stop price, even if the Initiating Member selects last priority. The Exchange believes it would be rare for there to be a resting AON order at the stop price of an AIM Auction that could be satisfied by the remaining contracts of an Agency Order at the stop price. Given the few execution opportunities the Exchange expects AON orders would have at the stop price (and the unlikelihood of such a situation), the Exchange believes it is in the best interest of investors to not implement such complexities given the expected de minimis impact, if any, that not permitting executions of AON orders at the stop price would have on execution opportunities for these orders. The proposed rule change will not impose any significant burden on competition. The AON orders of all Users will have the same opportunities to execute following an AIM Auction. The proposed allocation is the same as the allocation of AON orders following an AIM auction on Cboe Options. All resting AON orders at prices better than the stop price and at prices better than the stop price will have the opportunity to execute if their size contingencies can be satisfied.

The proposed rule change to require AON complex orders to COA and not permit them to rest in the COB or Leg into the Simple Book will not significantly affect the protection of investors or the public interest, because it will provide AON complex orders with opportunities for execution and continue to protect orders on the Simple Book. As the Exchange noted above, there would be significant technical complexities associated with reprogramming priority within the System to permit AON complex orders to Leg into the Simple Book and provide AON orders with priority consistent with the standard priority principles described above. In addition, as described above, the proposed rule change protects resting Leg market interest because AON complex orders may not execute unless they improve the SBBO at the conclusion of a COA. The proposed rule change will not impose any significant burden on competition. AON complex orders of all Options Members will all be handled in the same manner. All AON complex orders will initiate a COA (assuming it satisfies the eligibility criteria that is applicable to all other complex orders), and will execute in the same manner following a COA or be cancelled if they cannot execute. No AON complex orders will be permitted to rest in the

COB or Leg into the Simple Book. Additionally, other options exchanges do not permit AON complex orders to rest in the complex order book[69] or to leg into the simple book.[70]

The Exchange reiterates that the proposed rule change is being proposed in the context of the technology integration of the Cboe Affiliated Exchanges. Thus, the Exchange believes this proposed rule change permits fair competition among national securities exchanges. In addition, the Exchange believes the proposed rule change will benefit Exchange participants in that it will provide a consistent technology offering for Users by the Cboe Affiliated Exchanges. The proposed rule change will allow the Exchange to continue to strive towards a complete technology integration of the Cboe Affiliated Exchanges, with gradual roll-outs of new functionality to ensure stability of the System.

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.

---

69 See, e.g., ISE Rule 722(b)(3) (which requires AON complex orders to be submitted as IOC orders). While not specified in Cboe Options rules, the Exchange understands this proposed change is the same as Cboe Options functionality.

70 See, e.g., Phlx Rule 1098(e)(vi)(A).

(d) Not applicable.

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

The definition of an AON order in proposed Rule 21.1(d)(4) is based on Cboe Options Rule 6.53(i); ISE Rule 715(c); Phlx Rule 1066(c)(4); NOM Chapter VI, Section 1(e)(10); and Arca Rule 6.62-O(d)(4). ISE and NOM require AON orders be submitted as IOC, unlike the proposed rule that permits Users to apply all times-in-force to AON orders. The proposed rule change permits Users to apply all times-in-force to AON orders (as the Cboe Options rule does).

Proposed Rule 21.1(d)(4)(B) does not permit Users to apply the Post Only instruction to AON orders. Cboe Options does not offer a Post Only instruction, and therefore, an AON order submitted to EDGX Options will be handled in the same manner it would on Cboe Options, as such an order would execute upon entry if possible, route if eligible, or enter the book if not possible (subject to any User instructions). Certain exchanges require AON orders to be submitted as IOC, and thus do not permit AON orders to rest in the book at all (and would not need to specify if that a Post Only instruction would not be available). Unlike these exchanges, the proposed rule change permits AON orders to rest in the book if they are not able to execute upon entry, and merely provides that AON orders may not only rest in the book.

Proposed Rule 21.1(d)(4)(C) permits Users to only apply one MTP Modifier to AON orders. Not all exchanges offer corresponding match-trade prevention functionality, and if they do, their rules are silent regarding the applicability of that functionality to AON orders. Cboe Options only offers match-trade prevention functionality to market-makers orders (AON and non-AON orders). Because the

Exchange offers MTP Modifiers to orders of all Users, the Exchange believes it is beneficial to offer this match-trade prevention functionality to all Users that decide to submit AON orders to the Exchange (including retail investors, the primary users of AON orders).

The proposed rule change also describes how AON orders will be handled in the Exchange's Price Adjust process. Not all exchanges have similar price adjust processes (and, as noted above, not all exchanges permit AON orders to rest in the book, and thus a price adjust process would be inapplicable to AON orders on those exchanges, if they have price adjust processes). As noted above, an AON order on Cboe Options may rest at a price that locks or crosses the Cboe Options market or an away market. Similarly, the display-price sliding process on BZX Options and the RALO and RPNP order types on Arca permit orders to rest at an undisplayed price at which it is eligible for execution (in accordance with linkage rules).[71] However, an AON order will not have a displayed price, as it is never displayed (unlike an RALO or RPNP). Therefore, while there are several differences between the Price Adjust process as proposed to apply to AON orders, the BZX Options display-price sliding process, and the Arca RALO and RPNP order types, the proposed rule change will permit (as the BZX process and Arca order types permit) an order to be ranked (in time price priority) at an undisplayed price on an exchange at a price that locks the best-priced quote of that exchange or an away exchange, at which price it is eligible for execution, and which price may be adjusted in response to changes in the market. The fact that an AON order will not have a displayed

---

[71] See BZX Options Rule 21.1(h); and Securities Exchange Act Release No. 84737 (December 6, 2018), 83 FR 63919 (December 12, 2018) (SR-NYSEArca-2018-74) (order approving the proposed order types).

price, as an order would pursuant to the BZX display-price sliding process would and as an RALO and RPNP order would on Arca, is based on the distinguishing factor that an AON order is never displayed or protected.

Proposed Rule 21.1(d)(4)(A) is based on Cboe Options Rule 6.44, Interpretation and Policy .02. Proposed Rule 21.1(d)(4)(E) is based on Cboe Options Rule 6.44, Interpretation and Policy .03.

Cboe Options Rule 6.44, Interpretation and Policy .04, which essentially says that a FOK order will be deemed to be made only for the amount stated, is redundant of the Exchange's current definition of a FOK order. Cboe Options Rule 6.44, Interpretation and Policy .05 relates to minimum volume orders (which are similar to Minimum Quantity Orders on the Exchange, except minimum volume orders on Cboe Options may only be executed in open outcry), and states minimum volume orders will be deemed to be made only for the amount stated (*i.e.*, deemed to be all-or-none), which the Exchange believes is redundant of the Exchange's current definition of a Minimum Quantity Order. Therefore, the proposed rule change does not adopt corresponding provisions.

Proposed Rule 21.7(a) is based on Cboe Options Rule 6.2(c)(i)(B). The opening process on the Exchange is significantly different than the Cboe Options opening process, however, as proposed, both exchanges do not permit AON orders to participate in the respective opening processes if a step up action mechanism is not activated for a class. As noted above, the Exchange does not apply SUM during its Opening Process, and AONs do not participate in Cboe Options' opening process if it has not active HAL during the opening process.

Proposed Rule 21.8(m) is based on Cboe Options Rules 6.44, Interpretation and Policy .01 and .02 and 6.45(a)(v)(D). The Exchange is not explicitly adopting Cboe Options Rule 6.44, Interpretation and Policy .01 because it is redundant with proposed Rule 21.8(m), because having last priority means that AON orders will only trade if there is no other interest at the same price. Cboe Options Rule 6.44 does not address customer priority.

Proposed Rule 21.9(a)(1) is based on current Cboe Options functionality (not explicitly stated in Cboe Options rules). Cboe Options does not have a process that corresponds to the Exchange's Re-Route instructions. As a result, if an AON order were resting on the Cboe Options book at the NBBO, it will remain there, even if it is resting at a price that subsequently becomes locked or crossed by another options exchange. Because the Exchange will make the Aggressive Re-Route instruction available to AON orders (which Users may specify when submitting AON orders), the proposed rule change will provide AON orders submitted to the Exchange with additional routing (and thus execution) opportunities that are not currently available to AON orders on Cboe Options. AON orders resting on the EDGX Options Book that subsequently become locked by another options exchange will be handled in the same manner as those AON orders would be handled by Cboe Options – they will remain on the EDGX options Book and not route to an away market.

Proposed Rule 21.18(d) is based on current Cboe Options functionality (not explicitly stated in Cboe Options rules). Proposed Rule 21.18(d)(3) regarding an early termination of the exposure period of an AON order is consistent with the current SUM process and other reasons that would cause a SUM to terminate early. The current reasons that will cause an exposure period to terminate early prevent an order from continuing to be exposed while SUM conditions exist that, if they existed prior to the exposure period, would have prevented a SUM exposure period from beginning. The proposed reason to terminate the exposure period for an AON order early similarly will cause an exposure period to end, because if an order on the opposite side of the exposed order were displayed on the EDGX Options Book prior to the exposure period, the AON order would not have been exposed. The proposed changes relate solely to the size contingency of an AON order.

The proposed changes to AIM in Rule 21.19 are based on Cboe Options functionality (not explicitly stated in Cboe Options rules) and are consistent with the proposed priority of AON orders.

The proposed definition of AON complex orders is based on Cboe Options Rule 6.53C(b), Phlx Rule 1098(b)(v), and ISE Rule 722(b)(3). As is the case with AON simple orders, ISE requires AON complex order to be submitted as IOC (unclear if it may initiate a complex order auction). The proposed rule change permits Members to apply any time-in-force available for complex orders to an AON complex order, but similarly does not let an AON complex order rest in the COB. However, because an AON complex order may only COA and not rest in the COB, any time-in-force will ultimately have no impact on the handling of the order. Cboe Options does not permit AON complex orders to rest in the COB (not explicitly stated in Cboe Options rules).

The proposed rule to not permit AON complex orders to leg into the Simple Book following a COA is based on Phlx Rule 1098(e)(vi)(A). Cboe Options does permit AON complex orders to leg into the Simple Book, but the complex order priority on Cboe Options is significantly different than the complex order priority on the Exchange. Because an AON complex order may not execute unless it improves the SBBO, the proposed rule change will continue to protect orders on the Simple Book.

The Exchange does not believe any of differences not above are material. The Exchange believes they generally relate to differences among functionality offered by the Exchange and other options exchanges. The proposed rule change also provides additional detail on which the rules of other exchanges are silent, such as detail regarding routing and handling during auctions. The Exchange believes the proposed application of Exchange functionality to AON orders (some of which is not available on other exchanges) is consistent with current Exchange functionality. Additionally, any differences with respect to how that functionality will apply to AON orders have been proposed only due to the size contingency of an AON order and the fact that an AON order is not displayed. The Exchange believes the proposed rule change will provide Users with additional transparency regarding how the System will handle their AON orders. The primary function of AON orders – to be executed in their entirety or not at all – is the same at all of these exchanges. The proposed rule change, as well as future Exchange Notices and technical specifications, will provide transparency to Users regarding how the System will handle AON orders, and thus Users will be aware of any differences between the proposed rule change and the rules of other exchanges, and any additional detail in the proposed rule not included in the rules of other exchanges.

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-CboeEDGX-2019-017]

[Insert date]

Self-Regulatory Organizations; Cboe EDGX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Adopt All-or-None ("AON") Orders

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

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

Cboe EDGX Exchange, Inc. (the "Exchange" or "EDGX") proposes to adopt all-or-none ("AON") orders. 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/edgx/), 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. <u>Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change</u>

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. <u>Purpose</u>

In 2016, the Exchange's parent company, Cboe Global Markets, Inc. ("Cboe Global"), which is the parent company of Cboe Exchange, Inc. ("Cboe Options") and Cboe C2 Exchange, Inc. ("C2"), acquired the Exchange, Cboe EDGA Exchange, Inc. ("EDGA"), Cboe BZX Exchange, Inc. ("BZX or BZX Options"), and Cboe BYX Exchange, Inc. ("BYX" and, together with C2, Cboe Options, the Exchange, EDGA, and BZX, the "Cboe Affiliated Exchanges"). The Cboe Affiliated Exchanges are working to align certain system functionality, retaining only intended differences between the Cboe Affiliated Exchanges, in the context of a technology migration. Cboe Options intends to migrate its technology to the same trading platform used by the Exchange, C2, and BZX Options in the fourth quarter of 2019. The proposal set forth below is intended to add certain functionality to the Exchange's System that is available on Cboe Options in order to ultimately provide a consistent technology offering for market participants who interact with the Cboe Affiliated Exchanges. Although the Exchange intentionally offers certain features that differ from those offered by its affiliates and will continue to do so, the Exchange believes that offering similar functionality to the extent practicable will reduce potential confusion for Users.

The Exchange proposes to adopt AON orders. Proposed Rule 21.1(d)(4) defines AON orders as orders to be executed in their entirety or not at all. Additionally, it specifies that AON orders may be market or limit orders. Several other options exchanges offer AON orders (which can be market or limit orders), and this proposed definition is consistent with the definition of AON orders in other options exchanges' rules, including Cboe Options.[5] The Exchange will not disseminate bids or offers of AON orders to OPRA, as the prices of AON orders are not included in the Exchange's best bid or offer ("BBO") for a series.[6]

The proposed AON order is similar to the existing Minimum Quantity Order currently available on the Exchange. Minimum Quantity Orders are orders that require a specified minimum quantity of contracts be obtained, or the order is cancelled.[7] Today, a

---

5 See, e.g., Cboe Options Rule 6.53(i); NASDAQ ISE, LLC ("ISE") Rule 715(c) (ISE requires AON orders to be entered as immediate-or-cancel ("IOC")); NASDAQ OMX PHLX, LLC ("PHLX") Rule 1066(c)(4); NASDAQ Options Market LLC ("NOM") Chapter VI, Section 1(e)(10) (NOM requires AON orders to be entered as IOC and only after the market open); and NYSE Arca, Inc. ("Arca") Rule 6.62-O(d)(4). The proposed rule change permits Users to apply all Times-in-Force to AON orders (as Cboe Options permits), as the Exchange already offers fill-or-kill ("FOK") orders, which are the equivalent of an IOC AON order. See Rule 21.1(f)(5) (a FOK order is a limit order that is to be executed in its entirety as soon as it is received and, if not so executed, cancelled). However, as discussed below, Users may not apply a Post Only instruction to AON orders.

6 See proposed Rule 21.1(d)(4)(A). Rules of other options exchanges explicitly provide that AON orders are not disseminated to OPRA. See, e.g., Cboe Options Rule 6.44, Interpretation and Policy .02; and Phlx Option Floor Procedures A-9. Proposed Rule 21.1(d)(4)(E) states the Exchange may restrict the entry of AON orders in a series or class if the Exchange deems it necessary or appropriate to maintain a fair and orderly market. Cboe Options rules provide it with the same authority. See, e.g., Cboe Options Rule 6.44, Interpretation and Policy .03.

7 See Rule 21.1(d)(3). While Minimum Quantity Orders may only be IOC, the proposed rule change does not limit the Times-in-Force that Users may apply to

Minimum Quantity Order with the minimum set as the full size of the order would function similar to the proposed AON order (except, as noted above, an AON order will not be required to be submitted as IOC).[8] The Exchange also offers a fill-or-kill ("FOK") Time-in-Force, pursuant to which a limit order is to be executed in its entirety as soon as it is received and, if not so executed, cancelled.[9] A FOK order is equivalent to an AON entered with an IOC Time-in-Force. As discussed below, unlike Minimum Quantity Orders or orders designated as FOK, AON orders may rest in the Book or be routed, may also be market orders, and may have any Time-in-Force. However, the primary characteristic of both, which is that they must execute in their entirety, is the same.

The proposed rule change does not permit a User to designate an AON order as Post Only.[10] An AON order's size contingency, and the fact that (as discussed below) AON orders will have last priority while resting in the EDGX Options Book, will provide AON

AON orders as discussed above.

8 For example, a Minimum Quantity Order for 100 contracts with a minimum set at 100 contracts has the same result as an AON order for 100 contracts, because both can only trade against an order(s) for 100 contracts.

9 See Rule 21.1(f)(5). The proposed rule change does not adopt a provision corresponding to Cboe Options Rule 6.44, Interpretation and Policies .04 or .05, because the Exchange believes those provisions are redundant and unnecessary. Cboe Options Rule 6.44 states that an all-or-none bid or offer shall be deemed to be made only for the amount stated (*i.e.*, deemed to be all-or-none), which is redundant of the proposed definition of an AON order. Similarly, Cboe Options Rule 6.44, Interpretation and Policy .04, which essentially says that a FOK order will be deemed to be made only for the amount stated, is redundant of the Exchange's current definition of a FOK order. Cboe Options Rule 6.44, Interpretation and Policy .05 relates to minimum volume orders (which are similar to Minimum Quantity Orders on the Exchange, except minimum volume orders on Cboe Options may only be executed in open outcry), and states minimum volume orders will be deemed to be made only for the amount stated (*i.e.*, deemed to be all-or-none), which the Exchange believes is redundant of the Exchange's current definition of a Minimum Quantity Order.

10 See proposed Rule 21.1(d)(4)(B). Pursuant to Rule 21.1(d)(8), a Post Only order may not, among other things, remove liquidity from the EDGX Options Book.

orders resting on the EDGX Options Book with few opportunities for AON orders to receive an execution. For this reason, the Exchange believes there will be minimal investor demand for Post Only AON orders.[11] The Exchange believes it is appropriate to not restrict the opportunities for execution of an AON order to the minimal execution opportunities that would exist for an AON order while resting on the Book. This ensures that an AON order may execute upon entry if there is sufficient size resting on the EDGX Options Book, as well as have an opportunity for execution if it cannot so execute.

Additionally, the proposed rule change only permits Users to apply MCN (MTP cancel newest), but no other MTP Modifiers, to an AON order.[12] Rule 21.1(g)(1) provides that an incoming order marked with the MCN Modifier will not execute against opposite side resting interest market with any MTP modifier originating from the same Unique Identifier. The incoming order marked with the MCN modifier will be cancelled back to the originating User(s). The resting order marked with an MTP modifier will remain on the EGDX Options Book. The Exchange believes there will be little demand for the use of any MTP Modifiers on AON orders given that primarily retail investors submit AONs, and retail investors are unlikely to have interest on both sides of the market. Given this expected minimal demand, the Exchange believes offering one MTP Modifier for AON orders is sufficient. The Exchange believes MCN is the most appropriate MTP modifier for AON orders, because it is the simplest modifier to implement from a System perspective and an

---

11 Cboe Options does not offer a Post Only instruction. Additionally, other exchanges, such as ISE and NOM, only permit AON orders to be entered as IOC, and thus AON orders at those options exchanges would only execute upon entry and never rest on the book (and thus Post Only, if available on those exchanges, would not be permitted).

12 See proposed Rule 21.1(d)(4)(D). If a User applies any other MTP Modifier to an AON order, the System will handle it as an MCN).

offering of other MTP modifier for investors would present significant technical complexities given the size contingency of AON orders.[13] Additionally, the Exchange has determined to handle an AON order with any other MTP Modifier as an MCN rather than cancel the AON, because the proposed rules provide investors with sufficient transparency regarding how the System will handle AON orders with MTP Modifiers, and Users may achieve other results manually if so desired. For example, if User were to prefer to have a resting order with an MTP Modifier cancel and let the newer AON order rest, it could manually cancel the resting order and then resubmit the AON order.

Cboe Options offers match trade prevention only for market-makers, and thus the Cboe Options rules regarding AON orders contains no restrictions on the use of match trade prevention instructions, as it would only be available to market-makers that submit AON orders. Because the Exchange has match-trade prevention functionality available for all Users and not just Market-Makers, the Exchange believes it is appropriate to provide this functionality to all Users that submit AON orders and want match trade prevention functionality. The rules of other exchanges are also silent on whether any match trade prevention instructions are available for AON orders.

An AON limit order will always be subject to the Price Adjust process in Rule 21.1(i).[14] Because AON orders will have last priority on the EDGX Options Book (as discussed below), the Exchange believes it will maximize execution opportunities for AON

---

13 Additionally, the Decrement and Cancel MTP Modifier is inconsistent with an AON order, because it may result in partial execution of an order.

14 See proposed Rule 21.1(d)(4)(C). If an AON market order is unable to execute for any reason, it would cancel in accordance with the terms of a market order. This is consistent with the handling of any other market order that was not able to execute on the Exchange.

limit orders to be subject to the Price Adjust process.[15] The Price Adjust process applies to orders (subject to the User's instructions or the Rules) that do not execute upon entry and go to rest in the EDGX Options Book (for example, because an order is not marketable upon entry, is not eligible to route, or, in the case of an AON order, there is insufficient size to satisfy its size contingency). It ensures these orders rest at executable prices in accordance with linkage rules.[16]

Currently, if an order, at the time of entry, would lock or cross a Protected Quotation of another options exchange or the Exchange, it will be ranked and displayed by the System at one minimum price variation below (above) the current NBO (NBB) for bids (offers).[17] An AON order resting on the EDGX Options Book is not displayed or part of the BBO (thus is not protected and would not be part of the NBBO). The proposed rule change provides that AON orders will rest on the EDGX Options Book at potentially executable prices (and thus not at prices that cross a Protected Quotation or the BBO).

Specifically, proposed Rule 21.1(i)(1)(A)(ii) provides if a buy (sell) non-AON order, at the time of entry, would lock or cross the offer (bid) of a sell (buy) AON order resting on the EDGX Options Book at or better than the Exchange's best offer (bid), the System ranks[18] the resting AON order at one minimum price variation above (below) the bid (offer)

---

15 If a User does not want an AON order to rest on the EDGX Options Book at an adjusted price, it may cancel the AON order and resubmit it for execution at a later time.

16 See Rule 27.3, which provides that the Exchange will reasonably avoid displaying quotations that lock or cross a Protected Quotation.

17 See current Rule 21.1(i)(1) (which the proposed rule change renumbers and letters to be Rule 21.1(i)(1)(A)(i)).

18 In the EDGX Rules, the term "ranked" means that an order will be prioritized and eligible for execution at its ranked price for purposes of allocation if an execution were to occur at that price. For an AON order "ranked" at a price, it would be

of the non-AON order. This is consistent with the price at which non-AON orders would rest on the EDGX Options Book if subject to price adjustment (except price adjustment currently only applies to incoming orders, not resting orders). For example, if an AON order to buy 5 at 1.10 is resting on the EDGX Options Book (which is the NBB), and a non-AON order to sell 1 (which does not satisfy the size of the AON order) at 1.10 enters the EDGX Options Book, the System reprices the AON order to rest in the EDGX Options Book at 1.05 (assuming the minimum price variation for the class is $0.05).

Similarly, pursuant to proposed Rule 21.1(i)(1)(B)(ii), if a buy (sell) AON order, at the time of entry, would lock or cross a Protected Offer (Bid) of the Exchange, the System ranks the incoming AON order at a price one minimum price variation below (above) the offer (bid) of the non-AON order resting on the EDGX Options Book at the Protected Offer (Bid). This is consistent with how an incoming non-AON would be handled if it locked or crossed a Protected Offer (Bid) of the Exchange. For example, if a non-AON order to buy 1 at 1.10 is resting at the top of the EDGX Options Book, and an AON order to sell 5 (which cannot satisfied by the resting interest) at 1.10 enters the EDGX Options Book, the System reprices the AON order to rest in the EDGX Options Book at 1.15 (assuming the minimum price variation for the class is $0.05).

Proposed subparagraph (i)(1)(B)(i) states if a buy (sell) AON order, at the time of entry, would cross a Protected Offer (Bid) of another options exchange or a sell (buy) AON order resting on the EDGX Options Book at or better than the Exchange's best offer (bid), the System will rank the incoming AON order at a price equal to the Protected Offer (Bid) or the offer (bid) of the resting AON order, respectively. For example, if a buy AON order

---

prioritized last at that price (as discussed above).

has a bid of 1.05 and enters the EDGX Options Book when the NBO is 1.00, the System ranks the AON order at a 1.00 bid.[19] Or, if a sell AON order has an offer of 1.10 and enters the EDGX Options Book, where there is a resting AON order with a bid of 1.15, the System ranks the incoming AON order at a price of 1.15.

The proposed rule change applies the current Price Adjust process to the existence of AONs to reflect the fact that AONs are not displayed on the EDGX Options Book (and thus are not Protected Quotations). This factor distinguishes AONs from other orders on the Exchange. The Exchange believes the proposed application of the Price Adjust process to AONs is reasonable, because an AON order will rest on the EDGX Options Book at an executable price (*i.e.*, a price that locks or is one minimum price variation away from the new Protected Quotation or AON resting on the EDGX Options Book at or better than the Exchange's BBO).[20] The proposed process will generally re-price the incoming (and thus later arriving order), which is consistent with the current Price Adjust process. As proposed, if an incoming buy (sell) AON order locked or crosses a Protected Offer (Bid) of the

---

[19] Pursuant to subparagraph (i)(2), if the NBO changes to 1.05, the resting AON order would receive a new timestamp and be repriced to 1.05.

[20] The proposed rule change makes corresponding changes to Rule 21.1(i)(2) to provide that in the event the circumstances that caused the System to adjust the price of an order pursuant to proposed subparagraph (1) change so that it would not lock or cross, as applicable, a Protected Quotation or an AON resting on the EDGX Options Book at a price at or better than the Exchange's BBO, the order subject to the price adjust will receive a new timestamp and be ranked or displayed at a price that locks or is one minimum price variation away from the new Protected Quotation or AON resting on the EDGX Options Book at a price at or better than the Exchange's BBO. These proposed changes reflect the fact that the trade or cancellation of an order resting on the EDGX Options Book at or better than the Exchange's best offer (bid) (as applicable) may cause a resting AON order to become repriced. Pursuant to the current Price Adjust process applicable to non-AON orders, repricing only occurs when the NBBO changes. The proposed rule change adds the phrase "if applicable" to the current rule text regarding orders being ranked and displayed to reflect the fact that AON orders will not be displayed in the EDGX Options Book.

Exchange (*i.e.*, a non-AON order that was displayed at the Exchange's best offer (bid)), the System would adjust the price of the AON order to be one minimum price variation below (above) the Protected Offer (Bid). Similarly, if an incoming buy (sell) AON order crossed a Protected Offer (Bid) of another options market or a sell (buy) AON order resting on the Exchange, the System would adjust the price of the incoming order. However, unlike the current Price Adjust process, the proposed rule change will reprice a resting AON order rather than an incoming non-AON order, because AON orders have last priority (as discussed below) and are not displayed, and thus should not cause the price of an incoming non-AON order to reprice. Because AONs are not displayed and have last priority on the Book, the Exchange believes it is appropriate to adjust the price of an AON rather than an incoming order that would be displayed and protected. The proposed rule change is consistent with linkage rules, because AONs will not be part of the EDGX BBO, and repricing an AON to lock an away exchange price or a resting (and nondisplayed) order on the EDGX Options Book will, therefore, not result in a displayed locked market.

The proposed rule change also ensures that a resting AON order will not lock the price of a Protected Quotation on the EDGX Options Book. This prevents the situation in which an incoming order may execute ahead of the resting non-AON order. For example, if a non-AON order to buy 1 at 1.10 is resting on the EDGX Options Book, and an AON order to sell 5 (and thus is not satisfied by the resting interest) at 1.10 enters the EDGX Options Book, if the System permitted the AON order to rest at a price of 1.10 (rather than reprice the AON to rest at 1.15 as proposed), if subsequently an AON to buy 5 at 1.10 was submitted to EDGX Options, that AON would execute against the resting AON at 1.10, and thus ahead of the non-AON order to buy.[21] The proposed rule change will also reprice an AON order to a more aggressive price up to the limit price at which it would be able to execute without causing a trade-through as the market changes.[22]

Cboe Options does not have functionality that corresponds to the Price Adjust process. However, Cboe Options rules do not provide any special handling that applies to AON orders that lock or cross orders on Cboe Options or the quote of an away options market. Therefore, pursuant to Cboe Options' rules, if an AON order is unable to execute upon entry into the Cboe Options System (or after routing, if eligible for routing pursuant to Cboe Options' rules), the AON order will rest at its price, even if it locks or crosses the Cboe Options BBO or the quote of an away options market.[23] The proposed rule change will similarly permit an AON order to rest at a price that locks the quote of an away options market, as well as an AON order resting on the EDGX Options Book at a price at or better than the EDGX Options BBO. On Cboe Options, an AON order resting at a price that locks or crosses an order may only execute in accordance with the priority principles set forth in Cboe Options Rule 6.45 and may not execute at prices that would cause a trade-through pursuant to Cboe Options Rule 6.81. The Exchange believes the proposed rule change

---

21 Priority rules apply to orders resting in the Book, not incoming orders. Therefore, with respect to an incoming order, the System checks opposite side interest to see if the incoming order can execute. It does not check to see if there is same-side interest ahead of which it cannot trade, as there would only be marketable same-side interest (from a price perspective) that would not otherwise execute against opposite side interest if such opposite side interest was an AON order.

22 See Rules 27.2 (which prohibits trade-throughs, subject to certain exceptions) and 27.3 (requires the Exchange to reasonably avoid displaying quotes that lock a Protected Quotation).

23 If the AON order submitted to Cboe Options was a market order and was unable to execute for any reason, it would cancel in accordance with the terms of a market order. This is consistent with the handling of any other market order that was not able to execute on the Exchange.

ultimately creates the same result for a resting AON order that would otherwise occur on Cboe Options (the proposed rule change merely changes the price of an AON order upon entry rather than at the time of execution), and in some cases results in price improvement for an AON order.

For example, as proposed, if the EDGX BBO was 1.15 x 1.30 (size of 50), and the NBBO was 1.15 x 1.20 (size of 50), and a User submitted an AON order for 100 to buy at 1.25, the AON order would rest on the EDGX Options Book with a price of 1.20 (which locks the Protected Offer of 1.20). If an order to sell 100 at 1.20 was later submitted to EDGX Options, it would execute against the resting AON order at its ranked price of 1.20. On Cboe Options, the AON would rest at 1.25. If an order to sell 100 at 1.20 was later submitted to Cboe Options, it would execute against the resting AON order at a price of 1.20 (and thus the same price at which it would execute on EDGX Options), as executions may only occur at or within the NBBO.

Additionally, suppose the EDGX BBO was 1.15 x 1.25 (non-AON order with size of 50), and was also the NBBO, and a User submitted an AON order for 100 to buy at 1.25, the AON order would rest on the EDGX Options Book with a price of 1.20 (which is one minimum price variation below the resting non-AON order). If an order to sell 100 at 1.20 was later submitted to EDGX Options, it would execute against the resting AON order at a price of 1.20 (which results in price improvement for the AON order). On Cboe Options, the AON would rest at 1.25. If an order to sell 100 at 1.20 was later submitted to Cboe Options, the AON would receive execution at a price of 1.25.[24] The Exchange believes the proposed rule change is an enhancement that will prevent such incoming orders to trade

---

[24] See Cboe Options Rule 6.45.

against a resting AON at the same price as a resting non-AON order on the opposite side of the market that had insufficient size to trade against the AON order.

As another example, if the EDGX BBO was 1.15 x 1.30 and was also the NBBO, and there was a sell AON order for 50 to sell at 1.25 resting on the EDGX Options Book, and a User submitted an AON order for 100 to buy at 1.25, the incoming AON order would rest on the EDGX Options Book at 1.25 (which locks the resting AON order). If an order to sell 100 at 1.25 was later submitted to EDGX Options, it would execute against the resting AON order to buy at 1.25. This is the same result that would occur on Cboe Options.

Because the proposed Price Adjust process always applies to an AON order, which provides that an AON order may rest at a price that locks the price of an away options exchange, proposed Rule 21.9(a)(3)(B) states that a User may not apply the Super Aggressive Re-Route instruction. The Super Aggressive Re-Route instruction provides that if an order resting on the EDGX Options Book at a price that becomes subsequently locked or crossed by the price of another options exchange, the System will route the order to that exchange. This instruction conflicts with the proposed Price Adjust process for an AON order, which may enter the EDGX Options Book at a price that locks the price of another options exchange. A User may apply the Aggressive Re-Route instruction pursuant to Rule 21.9(a)(3)(A), pursuant to which a resting AON order may be re-routed if its price is subsequently crossed by another options exchange.

Cboe Options does not have a process that corresponds to the Exchange's Re-Route instructions. As a result, if an AON order were resting on the Cboe Options Book, it will remain there, even if it is resting at a price that subsequently becomes locked or crossed by another options exchange. AON orders resting on the EDGX Options Book that subsequently become locked by another options exchange will be handled in the same manner as those AON orders would be handled by Cboe Options – they will remain on the EDGX options Book and not route to an away market. However, because the Exchange will make the Aggressive Re-Route instruction available to AON orders (which Users may specify when submitting AON orders), the proposed rule change will provide an AON order submitted to the Exchange that includes an Aggressive Re-Route instruction and rests at a price that subsequently becomes crossed by another options exchange with additional routing (and thus execution) opportunities not currently available to AON orders on Cboe Options.

The proposed rule change provides that the Exchange will accept AON orders for queuing prior to the completion of the Opening Process, but AON orders will not participate in the Opening Process. Following completion of the Opening Process, the System processes any queued AON orders in accordance with Rule 21.8.[25] In other words, it may execute if possible or rest in the EDGX Options Book, subject to a User's instructions (for example, the User may cancel the AON order). As set forth in Rule 21.7(b), the System executes orders at the opening price, in accordance with standard priority (as discussed below, AON orders will have last priority at each price level). Given the size contingency of an AON order and the last priority of AON orders, it will not be known whether there will be sufficient size to execute AON orders at the opening price until after the System executes all other interest at the opening price. AON orders will be eligible for execution once a series is open for trading.

[25] See proposed Rule 21.7(a).

Currently on Cboe Options, AON orders may participate in the opening process in classes in which it has activated the Hybrid Agency Liaison ("HAL") for openings.[26] HAL is the Cboe Options equivalent to the Exchange's Step Up Mechanism ("SUM"). EDGX does not activate SUM for openings, making classes trading on EDGX similar to classes trading on Cboe Options in which Cboe Options has not activated HAL for openings. Therefore, the proposed rule change is consistent with the Cboe Options rule.

Additionally, the opening process on Cboe Options is an auction and thus significantly different than the Exchange's Opening Process, which is a cross at a valid price as set forth in Rule 21.7. The Exchange believes it is best for investors to open a series for trading as soon as possible. As noted above, it will not be known whether there will be sufficient size to execute AON orders at the opening price until after the System executes all other interest at the opening price, since AON orders will have last priority. The Exchange believes it is appropriate to exclude AON orders from the Opening Process to ensure series can open as fast as possible. Currently, once the Exchange determines the Opening Price for a series (for example, the NBBO), it executes as much interest as possible at that price and opens a series. If AONs were eligible for execution during the Opening Process, after executing non-AON interest, the System would then have to check to determine whether there was sufficient size to execute against any AON orders. Rather than delay the opening of a series to determine whether an execution of AON orders can occur (and no execution may ultimately occur), the Exchange believes it is appropriate to open the series and let all non-executed orders (including AONs) be eligible for execution in an open trading state. Execution of any AON orders whose size contingency can be satisfied by any other interest

---

26 See Cboe Options Rule 6.2(c)(i)(B).

on the Exchange would occur just after the opening of the series, which is close to the time at which it would have executed if the System waited to open the series and executed these orders during the Opening Process. Therefore, the Exchange believes not attempting to execute AON orders until after the Opening Process would have a de minimis impact, if any, on the time of execution of an AON order.

Proposed Rule 21.8(m) sets forth the priority of AON orders. AON orders will have last priority at each price level (including after nondisplayed Reserve Quantity). The System allocates AON orders at the same price based on the time the System receives them (*i.e.*, in time priority), except if the Exchange applies the Customer Overlay to a class, Priority Customer AON orders have priority over non-Priority Customer AON orders.[27] An AON order must always be last in priority to ensure there is sufficient size to satisfy the condition of that order to trade in its entirety after all other orders at the same price have executed. Additionally, the Exchange believes it is reasonable for orders not displayed in the book to not receive priority over orders that are displayed, as this encourages market participants to display their best bids and offers, which may lead to enhanced liquidity and tighter markets. This is consistent with the non-inclusion of AON orders in the BBO or NBBO, as discussed above.

The proposed rule change states that a transaction may occur at the same price as an AON order resting on the EDGX Options Book without the AON order participating in the

---

27 This priority is the same as the priority of AON orders on Cboe Options. See Cboe Options Rule 6.45(a)(v)(D). This priority is also consistent with Cboe Options Rule 6.44, Interpretation and Policy .01, which the Exchange is not explicitly adopting because it is redundant with this proposed provision, because having last priority means that AON orders will only trade if there is no other interest at the same price. Cboe Options Rule 6.44 does not address customer priority.

transaction, and that a transaction may occur at a price lower (higher) than an AON order bid (offer) resting on the EDGX Options Book if the size of the transaction is less than the size of the resting AON order. As discussed above, an AON order will trade last at each price level. These proposed provisions ensure execution of an AON order if there is sufficient size to satisfy the AON order, while not preventing execution of orders that can execute against other interest but cannot satisfy the AON order size contingency.[28]

Users may designate AON orders to be routable pursuant to Rule 21.9. Pursuant to proposed rule 21.9(a)(1), the System only routes an AON order (as an FOK) designated as available for routing to options exchanges with sufficient size to satisfy the AON order. Pursuant to current Rule 21.9(a)(1), orders are routed as IOCs. Because a FOK order is equivalent to an AON order designated as IOC, routing an AON as a FOK is consistent with the Exchange's current routing rule. Only routing an AON order to an exchange with sufficient size to satisfy the AON order ensures the System will only route an AON order at which it may receive an execution.[29]

An AON order may be exposed pursuant to the Exchange's Step Up Mechanism ("SUM") pursuant to Rule 21.18. An AON order will be exposed and executed in the same manner as a non-AON order during SUM, except as follows:

---

[28] These provisions are substantively the same as Cboe Options Rule 6.44, Interpretation and Policy .02.

[29] If the size at the away options exchange was not available when the AON order arrived at the away options exchange, it would return to the Exchange and continue to be processed, as is the case for any other order that routes to an away options exchange and is unable to execute. While not specified in Cboe Options rules, the Exchange understands this proposed change is the same as Cboe Options functionality.

- Currently, any responses priced at the prevailing NBBO[30] or better, and any unrelated order (or quote) on the opposite side of the market from the exposed order that could trade against the exposed order at the prevailing NBBO or better, will immediately trade against the exposed order, and the exposure period will continue.[31] A SUM exposure period will currently terminate upon the receipt of a response (or unrelated order or quote) to trade the entire exposed order at the NBBO or better.[32] Because an AON order cannot partially execute pursuant to its terms, the proposed rule change provides that during the exposure of an AON order, the System will hold responses priced at or better than the prevailing NBBO (rather than trade against the exposed AON immediately) until there is sufficient aggregate size to satisfy the AON order, and that a SUM exposure period will terminate upon the receipt of multiple responses with sufficient aggregate size to satisfy the AON order.[33] The proposed rule change also states that if the exposed order is an AON order, the exposure period will terminate upon the receipt of multiple responses and unrelated orders in quotes with sufficient aggregate size to satisfy the exposed AON order.[34] This is consistent with size contingency of an AON order and will provide an AON order with opportunities to have its size contingency met during an

---

30 References to the "prevailing NBBO" mean the NBBO at the time of any execution.

31 See Rule 21.18(c)(1) and (2).

32 See Rule 21.18(d).

33 See proposed Rule 21.18(c)(1) and (d).

34 While not specified in Cboe Options rules, the Exchange understands this proposed change is the same as Cboe Options functionality.

exposure period, while ensuring the entire AON order will trade at a price equal to or better than the NBBO.

- Currently, as noted above, if the Exchange receives an unrelated order or quote that could trade against the exposed order at the prevailing NBBO price or better, that order executes against the exposed order, and the exposure period continues. The proposed rule change states if an AON order is exposed and the Exchange receives an unrelated order (or quote) that would be displayed at a price at or better than the NBBO with insufficient size to satisfy the exposed order, the SUM exposure period terminates and the exposed order is processed pursuant to Rule 21.18(c) (it either executes, routes, or enters the EDGX Options Book, subject to a User's instructions).[35] If an AON order is exposed and the Exchange receives an unrelated AON order with a price at or better than the NBBO with insufficient size to satisfy the exposed order the exposure period will continue.[36] This is consistent with current SUM functionality, pursuant to which the exposed price of an order will not lock the Exchange's opposite side BBO if the BBO is not at the NBBO. Because a SUM would not have begun if the Exchange displayed a contra-side order at the NBBO, the Exchange believes it is appropriate to terminate the exposure period if that situation arises during the exposure period. Unlike when non-AON orders are exposed, an unrelated order (if it is smaller than the exposed AON order) will not execute against the exposed order, and thus would enter the EDGX Options

---

35 See proposed Rule 21.18(d)(3). While not explicitly stated in Rule 21.18(c), pursuant to Rule 21.9(a)(1), any order that does not execute in full after routing away may be posted (the unfilled balance) to the EDGX Options Book.

36 This is because the incoming AON order would not be displayed at a price at or better than the NBBO.

Book. For example, suppose the NBBO is 1.00 x 1.20 and the EDGX Options BBO is 1.00 x 1.25, and an AON order to buy 10 at 1.20 is exposed at 1.20 pursuant to SUM. During the exposure period, the Exchange receives an order to sell 5 at 1.20. The incoming order cannot satisfy the size of the exposed AON order, so it would enter the EDGX Options Book and would cause the EDGX Options BBO to become 1.00 x 1.20. Therefore, upon receipt of that order, the exposure period terminates and the exposed AON order will be process pursuant to Rule 21.18(c) (as further discussed below, it will be routed or will enter the EDGX Options Book, subject to a User's instructions). In this case, if there is insufficient size at the away markets to execute the AON order at 1.20 (and assuming the AON order is eligible for routing), the AON order will enter the EDGX Options Book and rest at a bid of 1.15 (pursuant to the Price Adjust process described above, an AON order will be ranked at one minimum price variation (in this case, 0.05) below the opposite side BBO).

Except as noted above, an exposed AON order will be processed in the same manner as any other order exposed through a SUM auction. If at the end of the exposure period there is sufficient size to satisfy the AON order, it will execute. If there is insufficient size, then the Exchange would route the AON order if there was sufficient size at an away market to satisfy the AON order (unless otherwise instructed by the User), as it would any remaining portion of any other exposed order (in the case of an AON order, the entire size would be remaining).[37] Like any AON order that routes to another options exchange, if there is sufficient size at the away market to satisfy the AON order once the AON reaches that market, the AON will execute. If there is no longer sufficient size when routed, the

---

37 See Rule 21.18(c)(4) and (5).

AON will return and rest on the EDGX Options Book. Similarly, if an AON order is not eligible to route, it will enter the EDGX Options Book (subject to the User's instructions).

The proposed reason to terminate the exposure period for an AON order early similarly will cause an exposure period to end, because if an order on the opposite side of the exposed order were displayed on the EDGX Options Book prior to the exposure period, the AON order would not have been exposed. For example, if the BBO and the NBBO was 1.00 x 1.20, and there was a non-AON order for 5 contracts resting at the 1.20 offer, an incoming AON order to buy 10 at 1.20 would not be exposed pursuant to SUM, because neither of the conditions in Rule 21.18(a) would be present). In this case, the AON order would enter the EDGX Options Book at a price of 1.15 (pursuant to the Price Adjust process as proposed above). Similar to the current reasons that would cause an exposure period to terminate early (see current Rule 21.18(d)), the proposed early termination provision will prevent an exposure period from continuing while conditions exist that would have prevented an exposure period from beginning if those conditions existed prior to the exposure period.

The proposed rule change amends Rule 21.19(e) to provide that AON orders will have last priority at price levels better than the stop price following the conclusion of an Automated Improvement Mechanism ("AIM") auction if there is sufficient size to satisfy the size of the AON order (with Priority Customer AON order trading ahead of non-Priority Customer AON orders). AON orders resting at the stop price will not trade against the Agency Order, even if the Initiating Member of an AIM auction selects last priority.[38] As

---

[38] See Rule 21.19(e)(1) and (5). The proposed rule change amends Rule 21.19(e)(1), which sets forth the priority of resting orders at the stop price, to state that AON orders will be excluded when the Agency Order executes against

discussed above, AON orders will have last priority at each price level. The Exchange notes there would be significant technical complexities associated with reprogramming priority within the System to provide AON orders with second to last priority in a specific (and likely uncommon situation), as would be required to permit AON orders to execute at the stop price, even if the Initiating Member selects last priority. The Exchange believes it would be rare for there to be a resting AON order at the stop price of an AIM Auction that could be satisfied by the remaining contracts of an Agency Order at that stop price, and thus the Exchange believes the proposed rule change will have a de minimis impact, if any, on the execution opportunities for resting AON orders.

The proposed rule change also provides that the System will exclude the size of any AON orders when determining the number of contracts the Initiating Order will execute against at each price level better than the stop price when the Initiating Member selects auto-match.[39] Due to the size contingency of an AON order, the System cannot determine whether there will be sufficient contracts remaining in the Agency Order to execute against any AON order at a price level until after execution of the applicable number of contracts against the Initiating Order and other contra-side interest. However, after those auto-match executions at that price level, the System will execute the Agency Order against any AON

---

contra-side interest (after Priority Customer Orders, the specified percentage of the Initiating Order, and Priority Orders). Therefore, AON orders at the stop price will not execute at the stop price in any situation. While not specified in Cboe Options rules, the Exchange understands this proposed change is the same as Cboe Options functionality.

39 See proposed Rule 21.19(e)(3). While not specified in Cboe Options rules, the Exchange understands this proposed change is the same as Cboe Options functionality.

orders at that price level for which the size can be satisfied by the remaining contracts in the Agency Order.[40]

The Exchange proposes to make the AON instruction available for complex orders.[41] An AON complex order is a complex order that (like an AON simple order) is to be executed in its entirety or not at all.[42] An AON complex order may only execute following a complex order auction ("COA"),[43] and will not be eligible to rest in the complex order book ("COB").[44] An incoming AON complex order will initiate a COA. If a Member marks an AON complex order to not initiate a COA (*i.e.*, as a do-no-COA order), or an AON complex order does not satisfy the COA eligibility criteria in Rule 21.20(d)(1), the System cancels the AON complex order.[45] The Exchange believes that, like AON simple orders, AON complex orders that would rest on the COB would have last priority, and

---

40 See proposed Rule 21.19(e)(3). After executions at price levels better than the stop price, including against AON orders for which the size can be satisfied at those price levels, if there are remaining contracts from the Agency Order at the stop price, those contracts will execute against contra-side interest as set forth in subparagraph (e)(1). While not specified in Cboe Options rules, the Exchange understands this proposed change is the same as Cboe Options functionality.

41 See Cboe Options Rule 6.53C(b); see also Phlx Rule 1098(b)(v); and ISE Rule 722(b)(3). The proposed rule change amends Rule 21.20(b) to change references to the term "User" to "Member" to be consistent with the remainder of Rule 21.20, which only uses the term "Member."

42 See proposed Rule 21.20(b)(6).

43 See Rule 21.20(d).

44 While not specified in Cboe Options rules, the Exchange understands AON complex orders on Cboe Options may only initiate a COA and will be cancelled if not executed following a COA (and thus are not eligible to rest in the Cboe Options COB). This is set forth in Cboe Options Regulatory Circular RG17-042 (March 24, 2017), available at https://www.cboe.com/publish/RegCir/RG17-042.pdf. Other options exchanges require AON complex orders to be IOC, and thus similarly do not permit AON complex orders to rest in a complex order book. It is not clear from their rules whether such orders may enter a complex order auction on those exchanges. See, e.g., ISE Rule 722(b)(3).

45 See proposed Rule 21.20(b)(2) and (d)(1).

would have even fewer execution opportunities because they would not be able to execute at the same price as resting interest until after both simple and complex order interest executed. Therefore, an AON complex order resting on the COB would have minimal execution opportunities given its size contingency. The Exchange believes there would be little value, in terms of executing opportunities, in permitting AON complex orders to rest in the COB.

At the conclusion of a COA of an AON complex order, the AON complex order may only execute against COA responses and unrelated complex orders on the COB in price-time priority if there is sufficient size to satisfy the AON complex order. If there is insufficient size to satisfy the AON complex order at the conclusion of the COA, the System cancels the order.[46] AON complex orders may not Leg into the Simple Book to execute against individual orders in the legs because of the manner in which complex orders on EDGX execute following a COA.[47] Pursuant to current EDGX Rules for execution following a COA, a complex order will be allocated first in price priority and then at the same price to Priority Customer orders resting on the Simple Book, COA responses and unrelated complex orders on the COB in time priority, and remaining individual orders in the Simple Book (*i.e.*, non-Priority Customer), which will be allocated pursuant to Rule 21.8.[48]

The Simple Book and the COB are separate, and orders on each do not interact unless a complex order Legs into the Simple Book. As a result, the System is not able to

---

46 See proposed Rule 21.20(d)(7). Currently, after a COA, a complex order will execute first against Priority Customer orders resting on the Simple Book, then against COA responses and unrelated orders on the COB, and finally against remaining individual orders in the Simple Book. See Rule 21.20(d)(7).

47 See proposed Rule 21.20(c)(2)(F) and (d)(7).

48 See Rule 21.20(d)(7).

calculate the aggregate size of COA responses and complex orders on the COB and the size of simple orders in the legs that comprise the complex strategy at each potential execution price (as executions may occur at multiple prices) prior to execution of an order following a COA. Following a COA, the System first looks to determine whether there are Priority Customer orders resting in the Simple Book at the final auction price (and in the applicable ratio). If there are, the System executes the complex order against those simple orders. Following that execution, the System then looks back at the COA responses and complex orders resting in the COB to determine whether there is interest against which the order can execute. If there is, the System executes the remaining portion of the complex order against that complex contra-side interest. Finally, if there is any size left, the System looks back at the Simple Book to determine whether any orders in the legs are able to trade against any remaining contracts in the complex order. If there is, the System executes the remaining portion of the complex order again against orders in the Simple Book. Because of this process, prior to execution against any Priority Customer orders, the System would not know whether there is sufficient aggregate interest in both the Simple book and COB to satisfy the entire size of the AON. Additionally, it is possible for a complex order to execute at multiple price levels. This process would have to occur at each price level. Therefore, if the Exchange were to permit Legging of AON complex orders into the Simple Book, it would be possible for a partial execution to occur, which is inconsistent with the AON instruction. The Exchange notes there would be significant technical complexities associated with reprogramming priority within the System to permit AON complex orders to Leg into the Simple Book and provide AON orders with priority consistent with these standard priority principles. Only permitting an AON complex order to execute against

COA responses and complex orders in the COB ensures the size contingency of the AON complex order can be satisfied.[49]

To ensure protection of orders on the Simple Book given this restriction on Legging, an AON complex order may only execute following a COA if it improves the then-current (*i.e.*, existing at the conclusion of the COA) synthetic Exchange best bid or offer ("SBBO").[50] If there is insufficient size among COA responses and unrelated complex orders to satisfy the AON complex order following a COA, the System cancels the order.[51]

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.[52] Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[53] requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles

---

49 Cboe Options does not restrict AON orders from legging into its simple book. The priority on Cboe Options differs from the priority on EDGX Options (on Cboe Options, all orders on the simple book have priority over the complex book). However, another options exchange restricts AON orders from legging into the simple book during the complex order opening process, from the complex order book, and following a complex order price improvement auction (similar to COA). See, e.g., Phlx Rule 1098(d)(ii)(C)(2), (e)(vi)(A), (e)(viii)(C)(3), and (f)(iii)(A). Phlx also only permits non-broker-dealer customers to submit AON complex orders. See Phlx Rule 1098(b)(v).

50 See proposed Rule 21.20(c)(2)(E) and (d)(6).

51 See proposed Rule 21.20(d)(7).

52 15 U.S.C. 78f(b).

53 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)[54] requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the proposed rule change protects investors because it provides them with an additional order instruction that may be applied to both simple and complex orders. This provides investors with additional flexibility and more control over their executions of both simple and complex orders on the Exchange. The proposed rule change also benefits investors by providing transparency regarding how the System will handle and execute AON orders, which handling and execution are consistent with the size contingency of AON orders. As noted above and below, the proposed definition and several other portions of the proposed rules are based on rules and current functionality of Cboe Options.[55]

The Exchange believes not permitting Users to apply the Post Only instruction to AON orders will protect investors, because it will maximize execution opportunities for AON orders. An AON order's size contingency, and the fact that AON orders will have last priority while resting in the EDGX Options Book, will provide AON orders resting on the EDGX Options Book with few opportunities for AON orders to receive an

---

54 Id.

55 See Cboe Options Rules 6.53(i) and 6.44, Interpretations .02 and .03; see also ISE Rule 715(c); and NOM Chapter VI, section 1(e)(10).

execution. For this reason, the Exchange believes there will be minimal investor demand for Post Only AON orders. This ensures that an AON order may execute upon entry if there is sufficient size resting on the EDGX Options Book. Additionally, as noted above, other exchanges do not permit AON orders to rest in the book at all (as they are required to be IOC).[56] Unlike those exchanges, the Exchange will permit AON orders to rest in the EDGX Options Book, and will merely not permit AON orders to only rest in the book. Cboe Options does not offer a Post Only instruction, and therefore, an AON order submitted to EDGX Options will be handled in the same manner as it would be handled on Cboe Options, as such an order would execute upon entry (if possible), route (if eligible), or enter the EDGX Options Book (subject to any User instructions).

The Exchange believes the proposed rule change to offer use of the MCN Modifier (and not the other MTP Modifiers) for AON orders protects investors, because it provides all investors with the option to apply match-trade prevention functionality to AON orders. The Exchange believes there will be little demand for the use of any MTP Modifiers on AON orders given that primarily retail investors submit AONs, and retail investors are unlikely to have interest on both sides of the market. Given this expected minimal demand, the Exchange believes offering one MTP Modifier for AON orders is sufficient. Additionally, the Exchange believes that MCN is the most appropriate MTP modifier for AON orders because an offering of other MTP modifier for investors would present significant technical complexities given the size contingency of AON orders and that MCN is the simplest modifier to implement from a System perspective.[57] The proposed rules

---

56 See, e.g., ISE Rule 715(c); NOM Chapter VI, section 1(e)(10); and Phlx Rule 1066(c)(4).

57 Additionally, the Decrement and Cancel MTP Modifier is inconsistent with an

provide investors with sufficient transparency regarding how the System will handle AON orders with MTP Modifiers, and Users may achieve other results manually if so desired. For example, if a User were to prefer to have a resting order with an MTP Modifier cancel and let the newer AON order rest, it could manually cancel the resting order and then resubmit the AON order. The Exchange has determined to handle an AON order with any other MTP Modifier as an MCN rather than cancel the AON, and the Exchange believes the proposed rules will protect investors because they provide investors with sufficient transparency regarding how the System will handle AON orders with MTP Modifiers. Additionally, Users may achieve other results manually if so desired.

Cboe Options offers match trade prevention only for market-makers, and thus the Cboe Options rules regarding AON orders contains no restrictions on the use of match trade prevention instructions, as it would only be available to market-makers that submit AON orders. Because the Exchange has match-trade prevention functionality available for all Users and not just Market-Makers, the Exchange believes it is appropriate to provide this functionality to all Users that submit AON orders and want match trade prevention functionality. The Exchange believes offering one MTP Modifier is sufficient given that non-market-makers on Cboe Options currently have no match-trade prevention functionality available for AON orders.

The Exchange believes the proposed Price Adjust process with respect to AON orders will protect investors, because it will rest an AON order on the EDGX Options Book at an executable price (*i.e.*, a price that locks or is one minimum price variation away from the new Protected Quotation or AON resting on the EDGX Options Book at or better than

---

AON order, because it may result in partial execution of an order.

the Exchange's BBO) while preventing trade-throughs as the market changes and protecting non-AON orders resting on the opposite side of the EDGX Options Book. The proposed process will generally re-price the incoming (and thus later arriving order), which is consistent with the current Price Adjust process. However, the proposed rule change will reprice a resting AON order rather than an incoming non-AON order, because AON orders have last priority (as discussed below) and are not displayed, and thus should not cause the price of a non-AON order to reprice. Repricing an AON order one minimum price variation away from the price of a resting non-AON order is consistent with the repricing that applies to non-AON orders that lock or cross the opposite side NBBO.

The Exchange believes the proposed rule change will remove impediments to and perfect the mechanism of a free and open market and a national market system, because it is consistent with linkage rules. AON orders will not be part of the EDGX BBO, and repricing an AON order to lock the Protected Quotation of an away market or a resting (and nondisplayed) AON order on the EDGX Options Book at a price at or better than the Exchange's BBO will, therefore, not result in a displayed locked market in accordance with linkage rules.[58] The Exchange believes the proposed rule change is a reasonable application of the current Price Adjust process to avoid displaying a locked or crossed market and to prevent trade-throughs while making AON orders resting on the EDGX Options Book available for execution at executable prices (*i.e.*, a price that locks (but not crosses) a Protected Quotation of another options exchange or another AON resting on the EDGX Options Book, but not a price that locks or crosses a Protected Quotation on the EDGX Options Book. The proposed process will generally re-price the incoming (and thus later

---

[58] See Rule 27.3(a).

arriving order), which is consistent with the current Price Adjust process. However, the proposed rule change will reprice a resting AON order rather than an incoming non-AON order, because AON orders have last priority (as discussed above) and are not displayed or protected, and thus should not cause the price of an incoming non-AON order to reprice.

Cboe Options does not have functionality that corresponds to the Price Adjust process. Therefore, an AON order that enters the Cboe Options book may rest at a price that locks or crosses the Cboe Options market or an away market (and thus, it is not novel or unique to permit an AON order to rest at a price that locks or crosses the Exchange's market or an away market, as the proposed rule change permits). As demonstrated above, even though the proposed rule change does not permit an AON order to rest at a price that crosses an away market or an AON order on the EDGX Options Book, or that locks or crosses a Protected Quotation on the EDGX Options Book, the Price Adjust process as proposed will ultimately create the same potential execution for an AON order resting on the EDGX Options Book that would otherwise occur for an AON order resting on the Cboe Options Book, and in some cases may result in price improvement for an AON.

Additionally, while the current Price Adjust process does not permit an incoming order to rest at a price that locks a Protected Quotation on the Exchange or an away options exchange, the display-price sliding process on BZX Options does permit an incoming order to be ranked and eligible for execution at a locking price.[59] Pursuant to the BZX display-price sliding process, an order 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

---

59 See BZX Options Rule 21.1(h).

current opposite-side NBBO. While an AON order, as proposed, will not be displayed at any price on the Exchange (as an AON order is never displayed), it will be ranked at a price that locks a Protected Quotation of an away market (and a resting AON order on the Exchange).

Recently, NYSE Arca, Inc. ("Arca") adopted order types called the Repricing Liquidity Adding Order ("RALO") and the Repricing Post No Preference Order ("RPNP").[60] While these are different order types than an AON, pursuant to the repricing process, if either of these orders would not be able to trade upon entry (for example, because the RALO would take liquidity or display at a price that locks or crosses any interest on the Exchange or the NBBO), it would be displayed at one minimum price variation below (above) such sell (buy) interest. However, it would have an undisplayed price at which it is eligible to trade. The displayed and nondisplayed prices would move as the market moves. Like these order types, an AON order will rest at an undisplayed price (which price will move as the market moves) at which it is eligible for execution (in accordance with linkage rules). However, an AON order will not have a displayed price, as it is never displayed (unlike an RALO or RPNP).

Therefore, it is not novel or unique to permit an order to be ranked at an undisplayed price on an exchange at a price that locks the best-priced quote of that exchange or an away exchange, at which price it is eligible for execution, and which price may be adjusted in response to changes in the market.

---

[60] See Securities Exchange Act Release No. 84737 (December 6, 2018), 83 FR 63919 (December 12, 2018) (SR-NYSEArca-2018-74) (order approving the proposed order types).

The proposed rule change to only route an AON order as a FOK to options exchanges with sufficient size to satisfy the AON order will remove impediments to and perfect the mechanism of a free and open market and a national market system, because it is consistent with linkage rules and current Cboe Options functionality.

The proposed rule change to not permit use of the Super Aggressive Re-Route instruction to AON orders is consistent with the proposed Price Adjust process, which provides that an AON order may rest at a price that locks the price of an away options exchange. This proposed change will remove impediments to and perfect the mechanism of a free and open market and a national market system, because it is consistent with linkage rules. The Super Aggressive Re-Route instruction provides that an order on the EDGX Options Book that subsequently locks or crosses the price of another options exchange, the System will route the order to that exchange to an AON order. This instruction conflicts with the proposed Price Adjust process for an AON order, which may enter the EDGX Options Book at a price that locks the price of another options exchange, which price is executable if subsequent contra-side interest is submitted to the Exchange.

The proposed rule change will further remove impediments to and perfect the mechanism of a free and open market and a national market system, because it will handle resting AON orders that become subsequently locked by an away market in the same manner as Cboe Options handles resting AON orders that become subsequently locked by an away market. In both cases, AON orders will remain on the local respective book. However, the proposed rule change will benefit investors, because it provides a resting AON order that becomes subsequently crossed by an away market with an opportunity (if a User designated the order with the Aggressive Re-Route instruction) to route to the away market for execution. This execution opportunity is not currently available on Cboe Options, and thus a similar AON order would remain on the Cboe Options book.

The proposed rule change to exclude AON orders from participating in the Exchange's opening process will protect investors and promote just and equitable principles of trade, because it will provide for the opening of a series for trading as soon as possible and not delay the opening of a series to attempt to execute AON orders (which ultimately may not be able to execute). The Exchange believes not attempting to execute AON orders until after the Opening Process would have a de minimis impact, if any, on the time of execution of an AON order that is able to execute at the opening. The proposed rule change will remove impediments to and perfect the mechanism of a free and open market and a national market system, because excluding AON orders from participating during the Opening Process is equivalent to Cboe Options excluding AON orders from participating in its opening process in classes in which it has not activated HAL, because the Exchange has not activated SUM during the Opening Process.[61]

The Exchange believes the proposed rule change regarding the priority and allocation of AON orders promotes just and equitable principles of trade, as it is reasonable for orders not displayed in the book to not receive priority over orders that are displayed, as this encourages market participants to display their best bids and offers, which may lead to enhanced liquidity and tighter markets. The Exchange believes an AON order must always be last in priority at each price level to ensure there is sufficient size to satisfy the condition of that order to trade in its entirety after all other orders at the

---

[61] See Cboe Options Rule 6.2(c)(1)(B). Additionally, Cboe Options' opening process is an auction and thus significantly different than the Exchange's Opening Process, which is a cross at a valid price as set forth in Rule 21.7.

same price have executed. The proposed priority for AON orders will remove impediments to and perfect the mechanism of a free and open market and national market system, because it is the same as the priority of AON orders on Cboe Options.[62]

The Exchange believes the proposed rule change regarding the handling of AON orders exposed pursuant to SUM will protect investor, because it will provide AON orders with execution opportunities when the Exchange is not at the NBBO in a manner consistent with the current SUM process. The proposed rule change modifies the SUM process only to address an AON order's size contingency. The proposed rule change that the exposure period for an AON order will terminate when there is sufficient aggregate contra-side interest to satisfy the exposed AON order is consistent with the current SUM process, except it will not execute any incoming contra-side interest immediately against the exposed AON order, unless it has sufficient size (as occurs for an exposed non-AON order). This will prevent a partial execution in conflict with the AON size contingency. This proposed rule change is also the same as current Cboe Options HAL functionality. The proposed rule change regarding an early termination of the exposure period of an AON order is consistent with current reasons that will cause an exposure period to terminate, as it will prevent an exposure period from continuing while conditions exist that would have prevented an exposure period from beginning if those conditions existed prior to the exposure period. Except for these two proposed changes, an exposed AON order will be processed in the same manner as any other order exposed through SUM. The proposed rule change will remove impediments to and perfect the mechanism of free and open market and a national

---

62 See Cboe Options Rules 6.44, Interpretation and Policy .01 and 6.45(a)(v)(D); see also Cboe Options Rule 6.44, Interpretation and Policy .02.

market system, because it ensures the entire AON order will trade at a price equal to or better than the NBBO in accordance with linkage rules.

The proposed allocation of AON orders following an AIM auction will protect investors, because it will provide Priority Customers and other displayed interest with priority over non-displayed orders and is consistent with the proposed general priority of AON orders described above. As noted above, the Exchange believes this encourages market participants to display their best bids and offers, which may lead to enhanced liquidity and tighter markets. While AON orders will not be eligible for execution at the stop price, the Exchange believes it would be rare for there to be a resting AON order at the stop price of an AIM Auction that could be satisfied by the remaining contracts of an Agency Order at that stop price. The Exchange notes there would be significant technical complexities associated with reprogramming priority within the System to provide AON orders with second to last priority in a specific (and likely uncommon situation), as would be required to permit AON orders to execute at the stop price, even if the Initiating Member selects last priority. The Exchange believes the proposed rule change will have a de minimis impact, if any, on the execution opportunities for resting AON orders. Similarly, due to the size contingency of an AON order, the System cannot determine whether there will be sufficient contracts remaining in the Agency Order to execute against any AON order at a price level until after execution of the applicable number of contracts against the Initiating Order and other contra-side interest. However, AON orders at each price level better than the stop price for which the size can be satisfied by the remaining contracts in the Agency Order will execute. The Exchange also believes the proposed rule change will remove impediments to and perfect the mechanism of a free and open market and a national market system, because it is the same as the allocation of AON orders following an AIM auction on Cboe Options.

The proposed rule change to require AON complex orders to COA and not permit them to rest in the COB or Leg into the Simple Book will protect investors, because it will provide AON complex orders with opportunities for execution and continue to protect orders on the Simple Book. As the Exchange noted above, there would be significant technical complexities associated with reprogramming priority within the System to permit AON complex orders to Leg into the Simple Book and provide AON orders with priority consistent with the standard priority principles described above. The Exchange notes that other options exchange do not permit AON complex orders to rest in the complex order book[63] or to leg into the simple book.[64] In addition, as described above, the proposed rule change protects resting Leg market interest because AON complex orders may not execute unless they improve the SBBO at the conclusion of a COA.

As noted above, the proposed rule change will remove impediments to and perfect the mechanism of free and open market and a national market system, because other options exchanges offer similar functionality.[65] Additionally, as discussed above, the proposed rule change will benefit investors, because it provides additional detail on

---

63 See, e.g., ISE Rule 722(b)(3) (which requires AON complex orders to be submitted as IOC orders). While not specified in Cboe Options rules, the Exchange understands this proposed change is the same as Cboe Options functionality.

64 See, e.g., Phlx Rule 1098(e)(vi)(A).

65 See, e.g., Cboe Options Rule 6.53(i); ISE Rule 715(c); PHLX Rule 1066(c)(4); NOM Chapter VI, Section 1(e)(10); and Arca Rule 6.62-O(d)(4) (AON simple orders); see also Cboe Options Rule 6.53C(b); Phlx Rule 1098(b)(v); and ISE Rule 722(b)(3) (AON complex orders).

which the rules of other exchanges are silent, such as detail regarding routing and handling during auctions. The Exchange believes the proposed application of Exchange functionality to AON orders (some of which is not available on other exchanges) is consistent with current Exchange functionality. Additionally, any differences with respect to how that functionality will apply to AON orders have been proposed only due to the size contingency of an AON order and the fact that an AON order is not displayed. The Exchange believes that the proposed rule change will provide Users with transparency regarding how the System will handle their AON orders.

The proposed rule change will protect investors, because it will provide Users with additional flexibility to manage their orders on the Exchange, as well as increased functionality on the Exchange. This may encourage market participants to bring additional liquidity to the market, which benefits all investors. Additionally, this will provide Users with greater harmonization between the order handling instructions available among the Cboe Affiliated Exchanges. The proposed rule change is generally intended to align system functionality currently offered by the Exchange with Cboe Options functionality in order to provide a consistent technology offering for the Cboe Affiliated Exchanges. A consistent technology offering, in turn, will simplify the technology implementation, changes, and maintenance by Users of the Exchange that are also participants on Cboe Affiliated Exchanges. The proposed rule change would also provide Users with access to functionality that is generally available on options exchanges other than the Cboe Affiliated Exchanges,[66] which will provide Users with additional flexibility and increased functionality on the Exchange's System.

---

[66] Id.

When Cboe Options migrates to the same technology as that of the Exchange and other Cboe Affiliated Exchanges, Users of the Exchange and other Cboe Affiliated Exchanges will have access to similar functionality on all Cboe Affiliated Exchanges. As such, the proposed rule change would foster cooperation and coordination with persons engaged in facilitating transactions in securities and would remove impediments to and perfect the mechanism of a free and open market and a national market system.

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, because use of the AON order instruction on simple and complex orders will be optional and available to all Users. All Users may determine whether to apply an AON order instruction to the simple or complex orders they submit to the Exchange. The System will handle all AON orders submitted to the Exchange in the same manner in accordance with the proposed rule change. The Exchange believes the proposed priority and allocation of AON orders is reasonable, as it is consistent with current allocation principles that provide for displayed interest to trade ahead of nondisplayed interest, and ensures an AON order will only execute if there is sufficient size to satisfy its size contingency.

Additionally, the proposed rule change will not impose any burden intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act, because other options exchanges offer similar functionality, as discussed above.[67] The Exchange believes this proposed rule change is necessary to permit fair competition among the options exchanges. Additionally, the Exchange believes the proposed application of Exchange functionality (such as MTP Modifiers, SUM, routing instructions, and AIM) to AON orders is consistent with current Exchange functionality and modified such functionality only to account for the size contingency of an AON order and the fact that an AON order is not displayed, and believes that the proposed rule change will provide Users with additional transparency regarding how the System will handle their AON orders. The Exchange believes that the proposed rule change will relieve any burden on, or otherwise promote, competition, because it will permit the Exchange to offer Users similar functionality that is current available to market participants on other options exchanges.

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

---

67 See, e.g., Cboe Options Rule 6.53(i); ISE Rule 715(c); PHLX Rule 1066(c)(4); NOM Chapter VI, Section 1(e)(10); and Arca Rule 6.62-O(d)(4) (AON simple orders); see also Cboe Options Rule 6.53C(b), Phlx Rule 1098(b)(v), and ISE Rule 722(b)(3) (AON complex orders).

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[68] and Rule 19b-4(f)(6)[69] 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
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-CboeEDGX-2019-017 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.

---

68 15 U.S.C. 78s(b)(3)(A).

69 17 CFR 240.19b-4(f)(6).

All submissions should refer to File Number SR-CboeEDGX-2019-017. 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-2019-017 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.[70]

Secretary

---

[70] 17 CFR 200.30-3(a)(12).

EXHIBIT 5

(additions are underlined; deletions are [bracketed])

* * * * *

Rules of Cboe EDGX Exchange, Inc.

* * * * *

Rule 21.1. Definitions

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

(a) – (c) No change.

(d) The term "Order" shall mean a single order (including a bulk message) submitted to the System by a User and shall include both Attributable and Non-Attributable Orders, as defined below. The System shall treat all Orders (including bulk messages) as Non-Attributable Orders unless a User has entered instructions to treat such Orders as Attributable Orders.

(1) – (3) No change.

(4) [(Reserved.)]"All-or-None orders" or "AON orders" are orders to be executed in their entirety or not at all. AON orders may be market or limit orders.

(A) The Exchange does not disseminate bids or offers of AON orders to OPRA.

(B) A User may not designate an AON order as Post Only.

(C) An AON limit order is always subject to the Price Adjust process as set forth in paragraph (i) below.

(D) A User may apply MCN (as defined in subparagraph (g)(1) below), but no other MTP Modifiers (if a User applies any other MTP Modifier to an AON order, the System handles it as an MCN), to an AON order.

(E) The Exchange may restrict the entry of AON orders in a series or class if the Exchange deems it necessary or appropriate to maintain a fair and orderly market.

(5) – (12) No change.

(e) – (h) No change.

(i) Price Adjust.

(1) The System may adjust the price of an order as follows ("Price Adjust"):

(A) Incoming Non-AON Orders. [An]If a buy (sell) non-AON order [that], at the time of entry, would lock or cross:

(i) a Protected Quotation of another options exchange or the Exchange, the System ranks and displays [will be ranked and displayed by the System]the order at one minimum price variation below (above) the current NBO (NBB); or[(for bids) or to one minimum price variation above the current NBB (for offers) ("Price Adjust").]

(ii) the offer (bid) of a sell (buy) AON order resting on the EDGX Options Book at or better than the Exchange's best offer (bid), the System ranks the resting AON order one minimum price variation above (below) the bid (offer) of the non-AON order.

(B) Incoming AON Orders. If a buy (sell) AON order, at the time of entry, would:

(i) cross a Protected Offer (Bid) of another options exchange or a sell (buy) AON order resting on the EDGX Options Book at or better than the Exchange's best offer (bid), the System ranks the incoming AON order at a price equal to the Protected Offer (Bid) or the offer (bid) of the resting AON order, respectively; or

(ii) lock or cross a Protected Offer (Bid) of the Exchange, the System ranks the incoming AON order at a price one minimum price variation below (above) the Protected Offer (Bid).

(2) In the event the circumstances that caused the System to adjust the price of an order pursuant to subparagraph (1) change so that it would not lock or cross, as applicable, a Protected Quotation or an AON resting on the EDGX Options Book at a price at or better than the Exchange's BBO[NBBO changes such that an order subject to Price Adjust would not lock or cross a Protected Quotation], the order subject to the Price Adjust will receive a new timestamp[,]. Such order [and] will be ranked or displayed at a price that locks or is one minimum price variation away from the new Protected Quotation or AON resting on the EDGX Options Book at or better than the Exchange's BBO [the price that originally locked the NBO (for bids) or NBB (for offers) on entry]. All orders that are re-ranked and re-displayed (if applicable) pursuant to Price Adjust will retain their priority as compared to other orders subject to Price Adjust based upon the time such orders were initially received by the Exchange. Following the initial ranking and display (if applicable) of an order subject to Price Adjust, an order will only be re-ranked and re-displayed (if applicable) to the extent it achieves a more aggressive price up to its limit price.

* * * * *

Rule 21.7. Market Opening Procedures

(a) Order Entry Period. The Exchange will accept market and limit orders and quotes for inclusion in the opening process (the "Opening Process") beginning at 7:30 am Eastern Time or immediately upon trading being halted in an option series due to the primary listing market for the applicable underlying security declaring a regulatory trading halt, suspension, or pause with respect to such security (a "Regulatory Halt"), with respect to equity options, and will continue to accept market and limit orders and quotes until such time as the Opening Process is initiated in that option series (the "Order Entry Period"). The Exchange will not accept IOC or FOK orders for queuing prior to the completion of the Opening Process. The Exchange will accept AON orders for queuing prior to the completion of the Opening Process, but AON orders will not participate in the Opening Process. Following completion of the Opening Process, the System processes any queued AON orders in accordance with Rule 21.8. The Exchange will convert all ISOs entered for queuing prior to the completion of the Opening Process into non-ISOs. For equity options, where a User has entered instructions not to cancel its open orders upon a halt pursuant to Rule 20.3(b), such orders will be queued for participation in the Opening Process for a Regulatory Halt or will be cancelled for a halt that is not a Regulatory Halt. Where trading is halted pursuant to Rule 20.3, but it is not due to a Regulatory Halt, there will be no Order Entry Period and trading shall be resumed upon the determination by the Exchange that the conditions which 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. Orders entered during the Order Entry Period will not be eligible for execution until the Opening Process occurs.

* * * * *

Rule 21.8. Order Display and Book Processing

(a) – (l) No change.

(m) *All-or-None Orders.* AON orders have last priority at each price level (including after nondisplayed Reserve Quantity). The System allocates AON orders at the same price based on the time the System receives them (*i.e.*, in time priority), except if the Exchange applies the Customer Overlay to a class, Priority Customer AON orders have priority over non-Priority Customer AON orders.

> (1) A transaction may occur at the same price as an AON order resting on the EDGX Options Book without the AON order participating in the transaction.
>
> (2) Notwithstanding paragraph (b) above, a transaction may occur at a price lower (higher) than an AON order bid (offer) resting on the EDGX Options Book if the size of the resting AON order cannot be satisfied.

* * * * *

Rule 21.9. Order Routing

(a) General. For System securities, the order routing process shall be available to Users from 9:30 a.m. Eastern Time until market close. Users can designate orders as either available for routing or not available for routing. Orders designated as not available for routing and bulk messages, which are not eligible for routing, shall follow the book processing rules set forth in Rule 21.8 (Order Display and Book Processing) above.

> (1) Routing to Away Options Exchanges. Orders designated as available for routing will first check the EDGX Options Book for available contracts for execution pursuant to Rule 21.8 (Order Display and Book Processing). After checking the EDGX Options Book for available contracts and subjecting orders to the Step Up Mechanism defined in Rule 21.18, unless otherwise instructed by the User, the System will designate orders as IOCs and will cause such orders to be routed to one or more options exchanges for potential execution, per the entering User's instructions. The System only routes an AON order (as a FOK) designated as available for routing to options exchanges with sufficient size to satisfy the AON order. After the System receives responses to orders that were routed away, to the extent an order is not executed in full through the routing process, the System will process the balance of such order as follows. Depending on parameters set by the User when the incoming order was originally entered, the System will either:
>
> > (A) – (E) No change.
>
> (2) No change.
>
> (3) Re-Route Instructions. Unless otherwise specified, the Re-Route instructions set forth below may be combined with any of the System routing options specified in paragraph (a)(2) above.
>
> > (A) No change.
> >
> > (B) Super Aggressive. To the extent the unfilled balance of a routable order has been posted to the EDGX Options Book pursuant to paragraph (a)(1) above, should the order subsequently be locked or crossed by another accessible options exchange, the System shall route the order to the locking or crossing options exchange if the User has selected the Super Aggressive Re-Route instruction. A User may not apply the Super Aggressive Re-Route instruction to an AON order.

* * * * *

Rule 21.18. Step Up Mechanism

This Rule governs the operation of the Step Up Mechanism ("SUM"). SUM is a feature within the System that provides automated order handling in designated classes trading for qualifying orders that are not automatically executed by the System.

(a) – (b) No change.

(c) Allocation of Exposed Orders.

(1) Any responses priced at the prevailing NBBO or better shall immediately trade against the order (on a first come, first served basis), unless the exposed order is an AON order, in which case the System holds the responses until there is sufficient aggregate size to satisfy the AON order or the exposure period terminates.

(2) – (5) No change.

(d) Early Termination of Exposure Period. In addition to the receipt of a response, [(]or unrelated order or quote[)] (or, if the exposed order is an AON order, multiple responses or unrelated orders and quotes with sufficient aggregate size to satisfy the AON order), to trade the entire exposed order at the NBBO or better, the exposure period will also terminate prior to its expiration and the exposed order shall be processed in accordance with paragraph (c) above if during the exposure period:

(1) the NBBO updates such that the exposed order is no longer marketable against the prevailing NBBO; [or]

(2) the Exchange is displaying an unrelated order on the same side of the market as the exposed order and such displayed order is subsequently locked or crossed by another options exchange[.]; or

(3) if an AON order is exposed, the Exchange receives an unrelated order or quote that would be displayed at a price at or better than the NBBO with insufficient size to satisfy the exposed order.

* * * * *

Rule 21.19. Automated Improvement Mechanism ("AIM" or "AIM Auction")

An Options Member (the "Initiating Member") may electronically submit for execution an order it represents as agent ("Agency Order") against principal interest or a solicited order(s) (except for an order for the account of any Options Market Maker registered in the applicable series on the Exchange) (an "Initiating Order") provided it submits the Agency Order for electronic execution into an AIM Auction pursuant to this Rule. For purposes of this Rule, the term "NBBO" means the national best bid or national best offer at the particular point in time applicable to the reference, and the term "Initial NBBO" means the national best bid or national best offer at the time an Auction is initiated. Bulk messages are not eligible for AIM.

(a) – (d) No change.

(e) *Execution of Agency Order.* At the conclusion of the Auction, the System allocates contra-side interest against the Agency Order at the best price(s) as follows:

(1) *No Price Improvement.* If the Auction results in no price improvement, the System executes the Agency Order at the stop price, which price must be at or better than the both sides of the EDGX BBO, against contra-side interest in the following order:

(A) – (C) No change.

(D) All other contra-side trading interest (including AIM responses and orders and quotes on the EDGX Options Book, excluding AON orders) pursuant to Rule 21.8(c); and

(E) No change.

(2) *Price Improvement with Single-Price Submission.* If the Auction results in price improvement for the Agency Order and the Initiating Member selected a single-price submission, the System executes the Agency Order at each price level better than the stop price against contra-side interest in the following order:

(A) – (C) No change.

(C) All other contra-side trading interest (including AIM responses and orders and quotes on the EDGX Options Book) pursuant to Rule 21.8(c); [and]

(D) [Any n]Nondisplayed Reserve Quantity (Priority Customer before non-Priority Customer, each in time priority)[.]; and

(E) AON orders, if there is sufficient size to satisfy the size of the AON order (Priority Customer before non-Priority Customer, each in time priority).

If the price at which the balance of the Agency Order can be fully executed equals the stop price, then the System executes any remaining contracts from the Agency Order at that price in the order set forth in subparagraph (e)(1).

(3) *Price Improvement with Auto-Match.* If the Auction results in price improvement for the Agency Order and the Initiating Member selected auto-match, at each price level better than the stop price (or at each price level better than the stop price up to the limit price if the Initiating Member specified one), the System executes the Agency Order against the Initiating Order for the number of contracts equal to the aggregate size of all other contra-side interest (including orders, quotes, and AIM responses, excluding the size of any AON orders) and then executes the Agency Order against that contra-side interest in the order set forth in subparagraph (e)(2) (including AON orders for which the size can be satisfied). If there are any remaining contracts from the Agency Order[A]at the stop price, the System executes

[any remaining]<u>those</u> contracts [from the Agency Order] at that price in the order set forth in subparagraph (e)(1).

(4) No change.

(5) *Last Priority*. If the Initiating Member selects a single-price submission, it may elect for the Initiating Order to have last priority to trade against the Agency Order. If the Initiating Member elects last priority, then notwithstanding subparagraphs (e)(1) and (2), the System only executes the Initiating Order against any remaining Agency Order contracts at stop price after the Agency Order is allocated to all other contra-side interest (in the order set forth in subparagraph (e)(2) above) at all prices equal to or better than the stop price <u>(excluding AON orders at the stop price)</u>. Last Priority information is not available to other market participants and may not be modified after it is submitted.

* * * * *

Rule 21.20. Complex Orders

(a) No change.

(b) Availability of Types of Complex Orders. The Exchange will determine and communicate to Members via specifications and/or a Regulatory Circular listing when the complex order types, among the complex order types set forth in this Rule, are available for use on the Exchange. The complex order types that may be submitted are limit orders and market orders, and orders with a Time in Force of GTD, IOC, DAY, GTC, or OPG as such terms are defined in Rule 21.1(f). [Users]<u>Members</u> may not submit complex orders through bulk ports. The following complex orders will also be accepted by the Exchange:

(1) No change.

(2) COA-Eligible and Do Not COA Orders. Complex orders that are marked as IOC will, by default, not initiate a COA upon arrival, but a Member that submits an order marked IOC may elect to opt-in to initiating a COA and any quantity of the IOC order not executed will be cancelled at the end of the COA. Complex Orders that are marked Post Only with any Time in Force will, by default, not initiate a COA, and if a Member marks a Post Only complex order to initiate a COA, that order will be cancelled. <u>An incoming AON complex order will initiate a COA, and if a Member marks an AON complex order to not initiate a COA, or an AON complex order does not satisfy the COA eligibility criteria in subparagraph (d)(1) below, the System cancels the AON complex order.</u> All other Times in Force will by default initiate a COA, but a Member may elect to opt-out of initiating a COA. Orders with instructions to (or which default to) initiate a COA are referred to as COA-eligible orders, subject to the additional eligibility requirements set forth in this rule, while orders with instructions not to (or which default not to) initiate a COA, including orders that are marked Post Only, are referred to as do-not-COA orders.

(3) No change.

(4) Book Only Complex Order. A "Book Only complex order" is a complex order the System ranks and executes pursuant to this Rule 21.20 or cancels or rejects, as applicable (in accordance with the [User's]Member's instructions).

(5) Post Only Complex Order. A "Post Only complex order" is a complex order the System ranks and executes pursuant to this Rule 21.20 or cancels or rejects, as applicable (in accordance with the [User's]Member's instructions), except the order may not remove liquidity from the COB or the Simple Book. The System cancels or rejects a Post Only market complex order unless it is subject to the drill-through protection in Interpretation and Policy .04(f) of this Rule 21.20.

(6) AON Complex Order. An "AON complex order" is a complex order that is to be executed in its entirety or not at all. An AON complex order may only execute following a COA, and is not eligible to rest in the COB.

(c) Trading of Complex Orders. The Exchange will determine and communicate to Members via specifications and/or Regulatory Circular which complex order origin codes (i.e., non-broker-dealer customers, broker-dealers that are not Market Makers on an options exchange, and/or Market Makers on an options exchange) are eligible for entry onto the COB. Complex orders will be subject to all other Exchange Rules that pertain to orders submitted to the Exchange generally, unless otherwise provided in this Rule.

(1) No change.

(2) Execution of Complex Orders.

(A) – (D) No change.

(E) *Prices for Complex Strategy Executions.* Incoming complex orders will be executed by the System in accordance with the provisions set forth herein, and will not be executed at prices inferior to the SBBO or at a price that is equal to the SBBO when there is a Priority Customer Order at the best SBBO price; however, AON complex orders may only execute at prices better than the SBBO. Complex orders will never be executed at a price that is outside of the individual component prices on the Simple Book, and the net price of a complex order executed against another complex order on the COB will never be inferior to the price that would be available if the complex order legged into the Simple Book. Incoming complex orders that could not be executed because the executions would be priced (i) outside of the SBBO, or (ii) equal to the SBBO when there is a Priority Customer Order at the best SBBO price, will be cancelled if such complex orders are not eligible to be placed on the COB. Complex orders will be executed without consideration of any prices for the complex strategy that might be available on other exchanges trading the same complex strategy provided, however, that such complex order price may be subject to the Drill-Through Price Protection described in Interpretation and Policy .04(f) of this Rule.

(F) *Legging*. Complex orders up to a maximum number of legs (determined by the Exchange on a class-by-class basis as either two, three, or four legs and communicated to Members via specifications and/or Regulatory Circular) may be automatically executed against bids and offers on the Simple Book for the individual legs of the complex order ("Legging"), provided the complex order can be executed in full or in a permissible ratio by such bids and offers. Complex orders with two option legs where both legs are buying or both legs are selling and both legs are calls or both legs are puts may only trade against other complex orders on the COB and will not be permitted to leg into the Simple Book. Notwithstanding the foregoing, all two leg COA-eligible Customer complex orders will be allowed to leg into the Simple Book without restriction. Complex orders with three or four option legs where all legs are buying or all legs are selling may only trade against other complex orders on the COB and will not leg into the Simple Book, regardless of whether the option leg is a call or a put. Complex orders marked Post Only and AON complex orders may not Leg into the Simple Book.

(G) No change.

(3) – (6) No change.

(d) COA Process. All option classes will be eligible to participate in a COA. Upon evaluation as set forth in subparagraph (c)(5) above, the Exchange may determine to automatically submit a COA-eligible order into a COA.

(1) COA-eligible order. A "COA-eligible order" means a complex order that, as determined by the Exchange, is eligible to initiate a COA based upon the Member's instructions, the order's marketability (i.e., if the price of such order is equal to or better than the current SBBO, subject to applicable restrictions when a Priority Customer Order comprises a portion of the SBBO) as determined by the Exchange, number of components, and complex order origin codes (i.e., non-broker-dealer customers, broker-dealers that are not market makers on an options exchange, and/or market makers on an options exchange as determined by the Exchange). An AON complex order that does not satisfy these eligibility criteria will be cancelled. Determinations by the Exchange with respect to COA eligibility will be communicated to Members via specifications and/or Regulatory Circular. In order to initiate a COA upon receipt, a COA-eligible order must be designated as such and must meet the criteria described in Interpretation and Policy .02 of this Rule. Complex orders processed through a COA may be executed without consideration to prices of the same complex interest that might be available on other exchanges. A COA will be allowed to occur at the same time as other COAs for the same complex strategy.

(2) – (5) No change.

(6) COA Pricing. A complex strategy will not be executed at a net price that would cause any component of the complex strategy to be executed: (A) at a price of zero: or (B) ahead of a Priority Customer Order on the Simple Book without improving the BBO on at least one component of the complex strategy by at least $.01. At the conclusion of the Response Time Interval, COA-eligible orders will be allocated pursuant to subparagraph (7) below. An AON complex order may only execute following a COA at a price that improves the then-current SBBO.

(7) Allocation at the Conclusion of a COA. Orders executed in a COA will be allocated first in price priority based on their original limit price as follows:

(A) Priority Customer Orders resting on the Simple Book;

(B) COA Responses and unrelated orders on the COB in time priority; and

(C) Remaining individual orders in the Simple Book (i.e., non-Priority Customer), which will be allocated pursuant to Rule 21.8.

Notwithstanding the foregoing, at the conclusion of a COA of an AON complex order, the AON complex order may only execute against COA Responses and unrelated orders on the COB in price-time priority if there is sufficient size to satisfy the AON complex order (and may not execute against orders in the Simple Book). If there is insufficient size to satisfy the AON complex order, the System cancels the order.