

## OMB APPROVAL

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Required fields are shown with yellow backgrounds and asterisks.

Page 1 of \* 192

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

File No.\* SR - 2019 - \* 017

Amendment No. (req. for Amendments \*)

Filing by Cboe Exchange, Inc.

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

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
			Rule		
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 19b-4(f)(6)	

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 update defined terms in its Rules, delete obsolete and redundant language and make other nonsubstantive changes.

### Contact Information

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

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

### Signature

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

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

(Title \*)

Date 04/10/2019

By Laura G. Dickman

(Name \*)

Vice President, Associate General Counsel

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

dickman@cboe.com

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

**Form 19b-4 Information \***

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

**Exhibit 1 - Notice of Proposed Rule Change \***

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

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

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

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

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Exhibit Sent As Paper Document

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

**Exhibit 3 - Form, Report, or Questionnaire**

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Exhibit Sent As Paper Document

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

**Exhibit 4 - Marked Copies**

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

**Exhibit 5 - Proposed Rule Text**

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

**Partial Amendment**

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

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

(a)     Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) proposes to update defined terms in its Rules, delete obsolete and redundant language, and make other nonsubstantive changes. 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 March 15, 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 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

Rule 1.1 currently contains definitions of terms used throughout the Cboe Options Rules. Each defined term is currently contained in a lettered paragraph within Rule 1.1. The proposed rule change first puts the defined terms in alphabetical order so that market participants can better locate defined terms within the Rules.

The proposed rule change also moves certain defined terms from other Rules to Rule 1.1, adds certain defined terms, makes certain nonsubstantive changes to existing

definitions, and makes the changes described in the following table. The proposed rule change makes changes throughout the Rules to conform to the changes to defined terms.<sup>1</sup>

Defined Term	Provision	Current Cboe Options Rule	Description of Change
Aggregate Exercise Price	the exercise price of an option contract multiplied by (a) for equity options, the number of units of the underlying security or (b) for index options, the index multiplier for the underlying index covered by the option contract	1.1(t) and 24.1(c)	Applied the definition to index options and delete redundant definition in Rule 24.1(c)
American-Style Option	option contract that, subject to the provisions of Rule 11.1 (relating to the cutoff time for exercise instructions) and to the Rules of the Clearing Corporation, may be exercised on any business day prior to and on its expiration date.	1.1(vv)	No change to definition, but delete redundant definitions in Rule 24.1(m)
BBO	the best bid or offer disseminated on the Exchange	6.45(a)(ii)(c)(2) and other Rules	Moved to Rule 1.1
Bid	the price of a limit order or quote to buy one or more options contracts	N/A	Added to Rule 1.1 <sup>2</sup>

<sup>1</sup> For example, the proposed rule change deletes the definition of “National Spread Market” from Rule 6.25, Interpretation and Policy .07(b), and deletes the definition of “Exchange Spread Market” from Rule 6.53C, Interpretation and Policy .06(b)(2), as each term is defined in Rule 1.1.

<sup>2</sup> The proposed definition is consistent with the industry term “bid” and is the same as the definition of bid in C2 Rule 1.1 and EDGX Rule 16.1(a)(6).

Board	the Exchange's Board of Directors	N/A (Board of Directors is currently referenced throughout the Rules)	Added to Rule 1.1
Book and Simple Book	electronic book of simple orders and quotes maintained by the System	1.1(rrr)	Adding that Book may also be referred to as Simple Book
Call	an option contract under which the holder of the option has the right, in accordance with the terms of the option and the Rules of the Clearing Corporation, to purchase from the Clearing Corporation (a) for equity options, the number of units of the underlying security covered by the option contract, at a price per unit equal to the exercise price, or (b) for index options, the current index value times the index multiplier upon the timely exercise of the option	1.1(o) and 24.1(b)	Added clarifying language and applied the definition to index options <sup>3</sup> ; deletes redundant definition in 24.1(b)
Capped-Style Option	option contract that is automatically exercised when (a) for equity options, the cap price is reached or (b) for index options, the cap price is less (greater) than or equals the closing index	1.1(ww) and 24.1(o)	No change; delete redundant definition in 24.1(o)

<sup>3</sup> The proposed definition is the same as the definition of call in C2 Rule 1.1 and EDGX Rule 16.1(a)(12).

	value for calls (puts). If this does not occur prior to expiration, it may be exercised, subject to the provisions of Rule 11.1 (relating to the cutoff time for exercise instructions) and to the Rules of the Clearing Corporation, only on its expiration date; CAPS™ refers to capped-style options traded on the Exchange		
Class and Hybrid Class	all option contracts with the same unit of trading covering the same underlying security or index	1.1(q)	Deletes unnecessary reference to options, given only options trade on the Exchange; applies the definition to index option; deletes that a class means options of the same type (currently defined as put or call), as a class is comprised of both puts and calls; adds that a class is comprised of option contracts with the same unit of trading covering the same underlying security or index (discussed below) <sup>4</sup>
Clearing Corporation and OCC	Options Clearing Corporation	1.1(d)	Adding that the Clearing Corporation may also be referred to as OCC
Clearing Trading Permit Holder	a Trading Permit Holder that has been admitted to membership in the Clearing Corporation pursuant to the provisions of the rules of the Clearing Corporation	1.1(f)	Added that Clearing Trading Permit Holders self-clear or clear on behalf of others

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<sup>4</sup>

The proposed rule change is the same as the definition of class in C2 Rule 1.1.

	and is self-clearing or that clears transactions for other Trading Permit Holders		(consistent with Cboe Options today) <sup>5</sup>
Commission and SEC	U.S. Securities and Exchange Commission	3.1(a)(vi) and other Rules	Moved to Rule 1.1 and adding that the Commission may also be referred to as SEC
Complex Order	order involving the concurrent execution of two or more different series in the same class (the “legs” or “components” of the order), for the same account, occurring at or near the same time and for the purpose of executing a particular investment strategy with no more than the applicable number of legs (which number the Exchange determines on a class-by-class basis); the Exchange determines in which classes complex orders are eligible for processing; unless the context otherwise requires, the term complex order includes stock-option order and security	6.42 and 6.53C(a)(1)	Added general definition of complex order <sup>6</sup> ; the definition of complex order with respect to Rules 6.9, 6.42, 6.45, and 6.74 is limited pursuant to those Rules, so the proposed definition notes the limitations currently set forth in those Rules (and deletes them from the specified Rules); clarified that complex orders for the purpose of electronic processing have a different definition <sup>7</sup>

<sup>5</sup> The proposed rule change is the same as the definition of Clearing Trading Permit Holder in C2 Rule 1.1.

<sup>6</sup> The proposed rule change is substantially similar the definition of complex orders that are permitted in open outcry of other exchanges. See, e.g., BOX Exchange LLC (“BOX”) Rule 7600(a)(4); and Nasdaq Phlx, LLC (“Phlx”) Rule 1098(a)(i) and (c)(iii).

<sup>7</sup> The proposed rule change has no impact on the trading, minimum increment, or priority of complex orders.

	future-option order; for purposes of electronic trading, the term “complex order” has the meaning set forth in Rule 6.53C; for purposes of Rules 6.9, 6.42, 6.45(b), and 6.74, the term “complex order” means a spread order, combination order, straddle order, or ratio order (each as defined in Rule 6.53), a stock-option order, a security future-option order, or a complex order as defined Rule 6.53C		
Customer	Public Customer or broker-dealer	N/A	Added to Rule 1.1; new definition in the Rules, but concept of customers exists throughout current Rules (including in priority rules)
Customer Order	agency order for the account of a Customer	N/A	Added to Rule 1.1
DEA	designated examining authority	3.6A(b) and others	Moved to Rule 1.1
Discretion	authority of a broker or dealer to determine for a Customer the type of option, class or series of options, the number of contracts, or whether options are to be bought or sold	N/A	Added to Rule 1.1 <sup>8</sup> ; concept of broker discretion contained in various Rules (see, e.g., Rule 6.75)
DPM Designee	has the meaning set forth in Rule 8.81	8.81	Added to Rule 1.1 a reference to the definition

<sup>8</sup> The proposed rule change is substantively the same as the definition of discretion in C2 Rule 1.1 and EDGX Rule 16.1(a)(21).



Equity Option	option on an equity security (including Units (or ETFs) or Index-Linked Securities (or ETNs))	N/A (equity options permitted by Chapter 5)	Added to Rule 1.1, and clarifying that equity options includes options on ETFs and ETNs (both of which are permitted to be listed pursuant to Rule 5.3)
European-Style option	option contract that, subject to the provisions of Rule 11.1 (relating to the cutoff time for exercise instructions) and to the Rules of OCC, may be exercised only on its expiration date	1.1(uu) and 24.1(k)	No change to definition, but delete redundant definitions in Rule 24.1(k)
Exchange or Cboe Options	Cboe Exchange, Inc.	N/A (but referenced throughout)	Added to rule 1.1
Exchange Act	Securities Exchange Act of 1934, including rules and regulations thereunder	1.1	Added rules and regulations, to which the Exchange is also subject
Exercise Price	the specified price per unit at which (a) for equity options, the underlying security or (b) for index options, current index value may be purchased or sold upon the exercise of an option contract	1.1(s) and 24.1(d)	Applied the definition to index options; deletes redundant definition in Rule 24.1(d)
Expiration Date	third Friday of expiration month	1.1	Deleted language about series that expire on Saturday rather than Friday, as no more grandfathered series are listed on the Exchange
FINRA	Financial Industry Regulatory Authority, Inc.	17.2, Interpretation	Added to Rule 1.1

		and Policy .05 and other Rules	
Floor Broker	has the meaning set forth in Rule 6.70	6.70	Added to Rule 1.1 a reference to the definition
He, Him, His	deemed to refer to persons of female as well as male gender and to include organizations, as well as individuals, when the context requires	N/A	Added to Rule 1.1
Index-Linked Security or ETN	shares or other securities traded on a national securities exchange and defined as an “NMS stock” as set forth in Interpretation and Policy .13	5.3, Interpretation and Policy .13	Added to Rule 1.1
Index Option	option on a broad-based, narrow-based, micro narrow-based or other index of equity securities prices	N/A (index options permitted by Chapter 24)	Added to Rule 1.1
Lead Market- Maker or LMM	has the meaning set forth in Rule 8.15	8.15	Added to Rule 1.1 a reference to the definition
Limit Up- Limit Down State	has the meaning set forth in Rule 6.3A	6.3A	Added to Rule 1.1 a reference to the definition
Market- Maker	has the meaning set forth in Rule 8.1	8.1	Added to Rule 1.1 a reference to the definition
NBB, NBO, and NBBO	the national best bid, the national best offer, and the national best bid or offer the Exchange calculates based on market information it receives from OPRA	6.80 (referenced throughout the Rules)	Added to Rule 1.1

NMS Stock	has the meaning set forth in Rule 600 of Regulation NMS of the Exchange Act	5.3(a)(1) and other Rules	Added to Rule 1.1
Notional Value	value calculated by multiplying the number of contracts (contract size multiplied by the contract multiplier) in an order by the order's limit price	6.25(e)(1)(C)	Added to Rule 1.1
Offer	the price of a limit order or quote to sell one or more option contracts	N/A	Added to Rule 1.1 <sup>9</sup>
OLPP	Options Listing Procedures Plan	5.5A	Moved to Rule 1.1
OPRA	Options Price Reporting Authority	6.43	Moved to Rule 1.1
Options Principal	person engaged in the management and supervision of the TPH's business pertaining to option contracts that has responsibility for the overall oversight of the TPH's options-related activities on the Exchange	N/A (but term used in various Rules)	Added to Rule 1.1 <sup>10</sup>
Order	firm commitment to buy or sell option contracts	1.1(ooo) and 6.53	Moved market order and limit order definitions to Rule 1.1 <sup>11</sup>

<sup>9</sup> The proposed definition is consistent with the industry term “offer” and is the same as the definition of bid in C2 Rule 1.1 and EDGX Rule 16.1(a)(30).

<sup>10</sup> The proposed definition is the same as the definition of Options Principal in C2 Rule 1.1.

<sup>11</sup> The proposed rule change deletes the concept of “reaching a post” with respect to a market order, as that is solely related to floor trading and also an obsolete term. Market orders may trade on the floor or electronically, and trade at the best price

Order Service Firm	has the meaning set forth in Rule 6.77	6.77	Added to Rule 1.1 a reference to the definition
PAR Official	has the meaning set forth in Rule 6.12B	6.12B	Added to Rule 1.1 a reference to the definition
Preferred Market-Maker or PMM	has the meaning set forth in Rule 8.13	8.13	Added to Rule 1.1 a reference to the definition
Put	option contract under which the holder of the option has the right, in accordance with the terms and provisions of the option and the Rules of the Clearing Corporation, to sell to the Clearing Corporation (a) for equity options, the number of units of the underlying security covered by the option contract, at a price per unit equal to the exercise price, or (b) for index options, the current index value times the index multiplier upon the timely exercise of the option	1.1(n) and 24.1(a)	Added clarifying language and applied the definition to index options <sup>12</sup> ; deletes redundant definition in Rule 24.1(a)
Reporting authority	with respect to a particular index, the institution or reporting service designated by the	24.1(h)	Moved from 24.1(h)

available at the time of execution (either on the trading floor or in the System). The proposed rule change adds that a limit order to buy (sell) is marketable when, at the time it enters the System or is represented on the trading floor, the order is equal to or higher (lower) than the then-current offer (bid), which is substantively the same as the definition of limit order in C2 Rule 1.1.

<sup>12</sup> The proposed definition is the same as the definition of put in C2 Rule 1.1 and EDGX Rule 16.1(a)(49).

	Exchange as the official source for calculating the level of the index from the reported prices of the underlying securities that are the basis of the index and reporting such level		
Series or Series of Options	all option contracts of the same class that are the same type of option and have the same exercise price, and expiration date	1.1	Clarified that a series consists of options of the same type (i.e. options with the same exercise price and date that are calls are a series, and options with the same exercise price and date that are puts are another series)
Sponsored User	has the meaning set forth in Rule 6.20A	6.20A	Added to Rule 1.1 a reference to the definition
System or Hybrid Trading System	the Exchange's trading platform that allows Market-Makers to submit electronic quotes in their appointed classes and any connectivity to the foregoing trading platform that is administered by or on behalf of the Exchange, such as a communications hub	1.1(aaa)	As discussed below, deletes reference to Hybrid 3.0 platform and indicates it may be referred to as System in addition to Hybrid Trading System
Trading Session	hours during which the Exchange is open for trading for Regular Trading Hours or Global Trading Hours, each as defined in Rule 6.1	6.1 and 6.1A	Added to Rule 1.1
Transaction or Exchange transaction	transaction involving a contract effected on or through the Exchange or its facilities or systems	1.1(l)	Updated and simplified the definition to conform to the definition of

			transaction in C2 Rule 1.1
UIT Interest	share, unit, or other interest in or relating to a unit investment trust, including any component resulting from the subdivision or separation of such an interest	1.1(rr) and Interpretation and Policy .01	Combined definition and types of UIT interests into a single term
Unit or ETF	shares or other securities traded on a national securities exchange and defined as an “NMS stock” as set forth in Interpretation and Policy .06	5.3, Interpretation and Policy .06 and 5.8(b)	Added to Rule 1.1
Unit of Trading	defined in Rule 6.40	6.40	Added to Rule 1.1 a reference to the definition
Web CRD	the Central Registration Depository operated by FINRA	2.23, Interpretation and Policy .02 and other Rules	Moved to 1.1

As noted above, the proposed rule change amends the definition of class to mean all option contracts with the same unit of trading (including adjusted series as determined by OCC) covering the same underlying security or index. The current definition states a class consists of options of the same type, which is defined as either a put or a call. This definition of class corresponds to the definition as used when options trading began on the Exchange in the 1970s. However, as options trading grew, the term class became understood to include both puts and calls. This is consistent with current industry use of the term “class” and use of the term class throughout the Exchange’s Rules. Because a class is generally understood to include both puts and calls, which are types of series, not

separate classes, the current definition of class is outdated. As described above, options with the same exercise price and expiration date that are puts constitute one series, and options with the same exercise price and expiration date that are calls constitute another series. Additionally, there are some exceptions for options that cover the same underlying but constitute a separate class, and the proposed definition incorporates this concept.<sup>13</sup> For example, mini-options cover the same underlying security as standard options, but are considered as separate class since they have a different deliverable (10 shares of the underlying security rather than 100 shares of the underlying security, respectively). Additionally, when OCC adjusts series in connection with corporate actions (see Rule 5.7), it announces whether those series are part of the same existing class or a new class covering the same underlying security. The concept of unit of trading more accurately describes the series that constitute a class (e.g. the unit of trading for a mini-option is 10, and the unit of trading for a standard option is 100, making each a separate class under the proposed definition). The proposed definition accounts for these exceptions, and is a more accurate definition of what options constitute a class today on the Exchange.<sup>14</sup>

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<sup>13</sup> The proposed definition is the same as the definition of class in C2 Rule 1.1. The proposed definition with respect to the phrase “unit of trading” is consistent with the OCC definition of that term (the Exchange notes the OCC definition continues to remain outdated, as it still refers to a class consisting of contracts of the same type (OCC By-Laws Article I, C.(11)). See OCC By-Laws Article 1, U.(5) (a unit of trading . The proposed definition of unit of trading is consistent with Rule 6.40.

<sup>14</sup> The proposed rule change makes conforming changes to Rule 4.11, Interpretation and Policy .01(a) and 24A.7(a)(4), which currently contain references to class as being puts only or calls only. The term class with respect to these Rules regarding position limits is currently interpreted to mean both puts and calls, as described by the proposed definition of class.

The proposed rule change alphabetizes the terms in Rule 6.53. In addition, the proposed rule change conforms the definition of ISO to the definition of ISO in C2 Rule 1.1 and moves the language regarding how ISOs are not eligible for processing under Rule 6.14A to that Rule. The proposed rule change amends the definition of a stop order to eliminate the reference to a trade on the Cboe Options floor, as the triggering trade may occur electronically (if the Exchange enables stop orders for electronic trading pursuant to Rule 6.53). The proposed rule change amends the definitions of FOK and IOC to provide that each may execute electronically in addition to in open outcry.

The proposed rule change also adds the following order times-in-force to Rule 6.53:

(a) Day: The term “Day” means, for an order so designated, an order to buy or sell that, if not executed, expires at the close of trading. While the term is not currently defined in the Rules, Day orders are currently referenced in various Rules and is consistent with current functionality.<sup>15</sup>

(b) Good-til-Cancelled or GTC: The terms “Good-til-Cancelled” or “GTC” mean, for an order so designated, if after entry into the System, the order is not fully executed, the order (or unexecuted portion) remains available for potential display or execution (with the same timestamp) unless cancelled by the entering User, or until the option expires, whichever comes first. While the term is not currently defined in the Rules, GTC orders are currently referenced in various Rules and is consistent with current functionality.<sup>16</sup>

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<sup>15</sup> See, e.g., Rule 6.53C(c)(iii). The proposed definition of Day is the same as the definition of Day in C2 Rule 1.1.

<sup>16</sup> See Rule 6.53C(c)(iii). The proposed definition of Day is the same as the definition of Day in C2 Rule 1.1.



The proposed rule change deletes “One-Cancels-the-Other” from current Rule 6.53(h). A one-cancels-the-other order consists of two or more orders treated as a unit. The Execution of any one of the orders causes the others to be cancelled. The Exchange no longer offers this order instruction for any class, and does not intend to in the future. The proposed rule change makes conforming changes throughout the Rules to delete this term. The proposed rule change also moves the provisions in Rule 6.53, Interpretation and Policy .01 to proposed Rule 6.45(d), and moves the provisions in Rule 6.53, Interpretation and Policy .02 to Rule 6.24(a)(5).

The proposed rule change makes nonsubstantive changes to the introductory language of Rule 6.53 to provide that the Exchange determines which order types are available (or not available) on a class-by-class and system-by-system basis. This is consistent with the flexibility currently provided by Rule 6.53.<sup>17</sup>

The proposed rule change amends Rule 6.12A(c) to state that, in addition to the orders that may not route to PAR pursuant to Rule 6.12A(c), orders may not be eligible to route to PAR if the Rules or context otherwise requires. For example, there are certain order types not currently listed in Rule 6.12A(c) that may not route to PAR by their terms.<sup>18</sup> Which orders may route to PAR are listed on the Exchange’s website.<sup>19</sup> The proposed rule change ensures consistency throughout the Rules.

Various Rules provide the Exchange will generally announce any determinations pursuant to those Rules by Regulatory Circular. The Exchange announces determinations

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<sup>17</sup> The proposed rule change is also substantively the same as C2 Rule 6.10.

<sup>18</sup> See, e.g., electronic-only order, opening rotation order.

<sup>19</sup> See <https://www.cboe.org/publish/opsettingsrth/operational-settings-for-rth.pdf>.

in a variety of ways, including Regulatory Circular and Exchange Notice. Proposed Rule 1.2 states the Exchange will announce to Trading Permit Holders all determinations it makes pursuant to the Rules via (a) specifications, Notices, or Regulatory Circulars with appropriate advanced notice, which will be posted on the Exchange's website, (b) electronic message, or (c) other communication method as provided in the Rules. To the extent the Rules provide the Exchange will announce a determination via Regulatory Circular, the Exchange may announce such determination via Notice. Proposed Rule 1.2 makes clear this information will be available on C2's website in an easily accessible manner, regardless of the manner in which the Exchange announces it. Additionally, certain determinations are made more real-time pursuant to electronic message received by Trading Permit Holders (e.g., providing intra-day relief for parameter settings in price protection mechanisms described in proposed Rule 6.14, Interpretation and Policy .01, other determinations related to need to maintain fair and orderly market). This single rule simplifies the Rules by eliminating the need to repeatedly state in the rules how the Exchange will announce determinations.<sup>20</sup>

The proposed rule change also deletes various Rules that are no longer necessary or in use. First, the proposed rule change deletes various Rules from Chapter II.<sup>21</sup> Current Rule 2.1 provides that the Board of Directors will have certain specified committees as well as other committees it establishes in accordance with the Bylaws and the Rules.

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<sup>20</sup> Proposed Rule 1.2 is substantively the same as C2 Rule 1.2.

<sup>21</sup> As a result of these deletions, the only remaining Rules in Chapter II relate to fees and charges imposed on Trading Permit Holders. The proposed rule change therefore renames Chapter II as "Fees and Other Charges" and deletes the different "parts" of Chapter II that are no longer necessary.

Current Rule 2.2 provides the Board with the power to review Exchange decisions. The Exchange's Bylaws describe all of the Board's authority, include its authority to establish committees and to oversee the Exchange's activities.<sup>22</sup> Therefore, Rules 2.1 and 2.2 are redundant and unnecessary to include in the Rules, and the proposed rule change deletes them. Pursuant to the Bylaws, the Board will continue to retain the same authority as provided by these Rules. The Exchange notes other options exchanges do not contain similar rules.

Current Rule 2.15 describes divisions that the Exchange must have. This Rule relates to the corporate and operational structure of the Exchange, which is within the authority and discretion of Exchange management, and does not relate to the how the Exchange operates or regulates its market. Therefore, the proposed rule change deletes this rule. Exchange management will continue to have the authority to determine the Exchange's corporate structure in the same manner as it does today. The Exchange notes other options exchanges not contain similar rules.

Current Rule 2.22 provides the Exchange may, from time to time, fix and impose fees and charges other than those provided for by current Rule 2.20 to be paid to the Exchange or to an organization designated by the Exchange by Trading Permit Holders or by categories of Trading Permit Holders with respect to applications, registrations, approvals, use of Exchange facilities, or other services or privileges granted. However, current Rule 2.20 provides that the Exchange may fix, from time to time, fees and charges

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<sup>22</sup> See Bylaws Section 3 (providing the Board with, among other things, all powers necessary for the management of the business and affairs of the Exchange, the authority to exercise all power of the Exchange, and the authority make decisions as it deems necessary or appropriate) and Article IV (describing committees of the Board).

payable by Trading Permit Holders. This provision would include the fees and charges that the Exchange may impose pursuant to Rule 2.22, and thus Rule 2.22 is redundant. Therefore, the Exchange proposes to delete current Rule 2.22.

The proposed rule change renumbers the remaining Rules in Chapter II – current Rules 2.20, 2.23, 2.24, and 2.51 – to be Rules 2.1, 2.2, 2.3, and 2.4, respectively. The proposed rule change also makes nonsubstantive changes to these Rules (including to make the Rules plain English and update paragraph lettering). The proposed rule change also updates cross-references as necessary throughout the Rules.

The following rules contain language that the C2 board of directors may make certain trading decisions:

- Rules 5.3(b) and Interpretation and Policy .01 and 5.4, Interpretation and Policy .01, which state the Board may establish guidelines the Exchange considers when evaluating potential underlying securities for options transactions, and that the Board may establish guidelines to be considered when the Exchange determines whether an underlying security previously approved for Exchange option transactions no longer meets its requirements for the continuance of such approval.<sup>23</sup>

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<sup>23</sup> The proposed rule change also deletes the provision in Rule 5.3(b) that states, in exceptional circumstances, an underlying security may be approved by the Exchange even though it does not meet all the guidelines. Rule 5.3, Interpretation and Policy .01 already provides that the guidelines set forth in that interpretation and policy must be met except in exception circumstances, and therefore the provision in Rule 5.3(b) is redundant.

- Rules 6.1, 21.10, and 24.6, which states the Board determines trading hours and Exchange holidays.<sup>24</sup>
- Rule 6.6(d), which provides the Board must approve any Exchange restriction on the entry of stop, stop-limit, or market-if-touched orders whenever market conditions warrant, if such restriction is to be effective more than two consecutive business days.
- Rule 6.17, which permits the Board to designate persons other than the CEO or President to halt or suspend trading and take other action if necessary or appropriate for the maintenance of a fair and orderly market or the protection of investors, due to emergency conditions, and requires the person taking action to notify the Board of actions taken pursuant to that Rule.
- Rule 8.7(d)(iv), which states an official designated by the Board may call upon a Market-Maker to submit a quote or maintain continuous quotes in a series of a class to which the Market-Maker is appointed.
- Rule 8.87, which permits the board to establish a participation entitlement formula applicable to DPMs.

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<sup>24</sup> The proposed rule change also restructures Rule 6.1 to more clearly present the Regular and Global Trading Hours for options on securities and indexes, as well as identify other Rules that contain trading hours for different option products, as well as to make nonsubstantive changes (such as making the Rule plain English). Additionally, because Rule 6.1 references other Rules related to trading hours of different option products, the proposed rule change amends certain of those Rules to delete provisions that state those Rules replace or supplement Rule 6.1, as those Rules are part of Rule 6.1 by reference. See Rule 21.10, 28.9, and 29.11.

These decisions relate to Exchange trading and operations, and thus are made by Exchange management, rather than the Board, which generally is not involved in determinations related to day-to-day operations of the Exchange. Therefore, the proposed rule change modifies these provisions to indicate the Exchange or senior Exchange officials, as applicable, will make these determinations rather than the Board. The Exchange notes pursuant to corresponding C2 and EDGX rules, those exchanges or senior exchange officials makes those determinations rather than the exchange's board.

The proposed rule change deletes the following obsolete rules or redundant Rules and related provisions:

- Hybrid 3.0: The Rules currently provide that the Exchange has two trading platforms, and the Exchange determines on which platform each class of options will trade.<sup>25</sup> Currently, the Exchange has determined that all option classes trade on the Hybrid Trading System, and no option classes trade on the Hybrid 3.0 Platform.<sup>26</sup> The Exchange has no intention of trading any option classes on the Hybrid 3.0 Platform in the future. Therefore, the proposed rule change deletes all rule provisions related to and references to the Hybrid 3.0 Platform, as well as the concept of multiple trading platforms.<sup>27</sup>

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<sup>25</sup> See current Rule 8.14(a).

<sup>26</sup> See current Rule 1.1(aaa) (definition of Hybrid Trading System and Hybrid 3.0 Platform).

<sup>27</sup> See Rules 1.1 (including definitions of Hybrid Trading System, Voluntary Professional, Professional, and broker-dealer order), 6.1A(b), 6.2(h) and Interpretation and Policy .05, 6.11, 6.12A(b)(v), 6.13(a), (b)(i)(A)(2) and (C)(1), 6.14A(a)(iii), 6.43(b), 6.45(c)(i)(C) and Interpretations and Policies .01 through .04, 6.53C, Interpretation and Policy .10, 8.3(c)(iii) and (iv), 8.7, Interpretation and Policy .03 (the proposed rule change restructures this Interpretation and Policy, as there is no longer a need for separately lettered paragraphs), 8.14(a),

- Order Book Officials: Recently, the Exchange deleted Rules related to Order Book Officials, who were Exchange employees responsible for maintaining the book with respect to classes assigned to them, effecting proper executions of orders placed with them, displaying bids and offers, and monitoring the market for classes assigned to them. The Exchange currently has no employees designated as, and does not intend to designate any employees as, Order Book Officials, as Order Book Official functions are generally obsolete now that most trading occurs electronically.<sup>28</sup> Several references to Order Book Officials were inadvertently left in the Rules, and the proposed rule change deletes those references.<sup>29</sup>
- Quote Indications: Rule 6.1, Interpretation and Policy .05 permits the Exchange to designate classes and time periods in which TPHs may, prior to the scheduled opening rotation of Regular Trading Hours, enter option market quote indications based upon the anticipated opening price of the security underlying such designated option class. The Exchange has not designated, and does not intend to designate, any classes in which TPHs may enter these option market quote indications. Therefore, the Exchange proposes to delete this Interpretation and

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(b), and Interpretation and Policy .01, 8.15(c) and Interpretation and Policy .03, 8.18 (eliminating reference to Market-Makers as “Hybrid Market-Makers,” as the term Market-Makers is sufficient given that all appointed classes are Hybrid classes), 8.83(g), 8.85(e), and 24.9(d)(6).

<sup>28</sup> Securities Exchange Act Release No. 34-82529 (January 18, 2018), 83 FR 3372 (January 24, 2018) (SR-CBOE-2018-003).

<sup>29</sup> See Rules 3.9, Interpretation and Policy .02, 6.3B, Interpretation and Policy .01(c), 6.24, Interpretation and Policy .02, 6.46, 6.51, Interpretation and Policy .01, 6.74(a) and (d), 8.7, Interpretation and Policy .03, 8.17(b), 21.18, 24.13, Interpretation and Policy .02, and 29.17.

Policy. TPHs may submit orders and quote prior to the opening rotation pursuant to Rule 6.2.

- SAL: Rule 6.13A describes the Simple Auction Liaison (“SAL”). SAL is a feature within the System that auctions marketable orders for price improvement over the NBBO. Pursuant to current Rule 6.13A(a), the Exchange has the authority to activate SAL on a class-by-class basis. Currently, the Exchange has not activated SAL for any class, and does not intend to activate it for any class in the future. Therefore, the proposed rule change deletes Rule 6.13A, and references to that Rule and SAL in various Rules.
- COATS Implementation Language: In 2005, the Exchange adopted Rule 6.24 to require TPHs to systematize certain order information in connection with the implementation of a consolidated order audit trail (“COATS”). Rule 6.24 states the requirements of that Rule were to commence on January 10, 2005, except for certain classes, for which the requirements of that Rule were to commence on March 28, 2005 (as set forth in paragraph (c)). As the requirements of Rule 6.24 are in place and applicable to all classes, the proposed rule change deletes those provisions.
- Provision Related to Rule 6.13B: Rule 6.47, Interpretation and Policy .02 indicates the applicability of Rule 6.47 to Rule 6.13B. Rule 6.13B no longer exists, so the proposed rule change deletes that Interpretation and Policy.
- Transactions off the Exchange: Rule 19c-3 under the Exchange Act describes a rule provision that each national securities exchange must contain regarding the ability of members to engage in transactions off an exchange. The



proposed rule change adds this provision to Interpretation and Policy .01(b). The proposed rule change also deletes the introductory language in Interpretation and Policy .01, as it is unnecessary. Rules 19c-1 and 19c-3 under the Exchange Act only require the Exchange's Rules to include language set forth in those Exchange Act Rules. The proposed rule change also amends the current language in Interpretation and Policy .01 (proposed paragraph (a)) to incorporate terms used throughout the Rules.

- Leg Orders: Rule 6.53C(c)(iv) describes leg order functionality, pursuant to which leg orders may be automatically generated on behalf of complex orders so that they are represented in the individual leg markets. The Exchange has not implemented, and does not intend to implement, leg order functionality. Therefore, the proposed rule change deletes Rule 6.53C(C)(iv), as well as related provisions in current Interpretations and Policies .06, .07, and .12 and Rule 6.53(x)
- Rules Related to Non-Option Transactions: Currently, the Exchange only permits and has trading Rules related to options trading. Rules 6.65 and 10.10 through 10.22 relate to transactions in stocks, bonds, warrants, and other non-option products. Because these Rules do not apply to options trading, the proposed rule change deletes them.
- Brokerage Bills: Current Rules 6.76 and 6.76A describe certain payment practices related to amounts due from a customer to a broker. The Exchange no longer has a role in the billing brokerage services provided to a customer. All provisions related to how the Exchange bills Trading Permit Holders are contained

in the Fees Schedule and Rule 3.23. Therefore, the proposed rule change deletes Rules 6.76 and 6.76A.

- Class Quoting Limit: Current Rule 8.3A states the Exchange may impose an upper limit on the aggregate number of Market-Makers that may quote in each product (the “CQL”). The Exchange no longer intends to impose a limit on the aggregate number of TPHs that may quote electronically in each product during a trading session, and thus proposes to delete Rule 8.3A.<sup>30</sup> The current limit for each class is 50 pursuant to Rule 8.1, Interpretation and Policy .01, and there is no product for which the Exchange has increased the CQL, as the current number of quoters per class is below this maximum. The Exchange represents it has capacity to handle any additional quoters due to the elimination of the CQL. The Exchange monitors System capacity in other ways, making a CQL no longer necessary.<sup>31</sup>
- RFQ Functionality: Pursuant to Rule 8.14(b).3, the Exchange may activate request-for-quote (“RFQ”) functionality in index classes, and if it does, Market-Makers would have an obligation to respond to a specified percentage of RFQs. The Exchange has not activated, and does not intend to activate in the future, this RFQ functionality for any index class. Therefore, the proposed rule change deletes this provision.
- Trading Crowd Definition: Rule 1.1 defines in-crowd market participants. A trading crowd in a pit on the Exchange’s trading floor today consists of market

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<sup>30</sup> The proposed rule change deletes a cross-reference to Rule 8.3A in Rule 3.1(b)(ii).

<sup>31</sup> See, e.g., Rule 6.23B.

participants other than Market-Makers. The definition of trading crowd in Rule 8.50 is outdated, and therefore the proposed rule change deletes this Rule.

The proposed rule change makes additional nonsubstantive changes throughout the Rules, including to make Rules plain English, update paragraph lettering and numbering, update cross-references as necessary, and add or modify headings and subheadings.

(b) Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the “Act”) and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.<sup>32</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>33</sup> 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)<sup>34</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

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<sup>32</sup> 15 U.S.C. 78f(b).

<sup>33</sup> 15 U.S.C. 78f(b)(5).

<sup>34</sup> Id.

In particular, the proposed rule change updates certain terms that are currently outdated and clarifies applicability of other terms, and deletes certain rules that are obsolete, no longer applicable to Cboe Options trading, or duplicative, and makes other nonsubstantive changes, such as reorganizing rules, updating paragraph lettering and numbering, and making rule provisions plain English. The Exchange believes this will more clearly identify currently applicable of rules, which the Exchange believes removes impediments to and perfects the mechanism of a free and open market. The Exchange believes the proposed rule change will eliminate confusion regarding which rules apply to current trading, which ultimately protects investors and the public interest. These changes will have no impact on current trading on Cboe Options.

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

Cboe Options 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 to delete rules that no longer apply to Cboe Options trading and make other nonsubstantive changes will have no impact on current trading on Cboe Options, and thus are not intended to have any impact on competition. The proposed rule change eliminates confusion with respect to rules applicable to current trading on Cboe Options.

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

The Exchange neither solicited nor received comments on the proposed rule change.

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

Not applicable.

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

(a) The proposed rule change is filed for immediate effectiveness pursuant to Section 19(b)(3)(A) of Act<sup>35</sup> and Rule 19b-4(f)(6)<sup>36</sup> 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. The proposed rule change updates certain terms that are currently outdated and clarifies applicability of other terms, and deletes certain rules that are obsolete, no longer applicable to Cboe Options trading, or duplicative, and makes other nonsubstantive changes, such as reorganizing rules, updating paragraph lettering and numbering, and making rule provisions plain English. The Exchange believes this will more clearly identify currently applicable of rules, which the Exchange believes removes impediments to and perfects the mechanism of a free and open market. The Exchange

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<sup>35</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>36</sup> 17 CFR 240.19b-4(f)(6).

believes the proposed rule change will eliminate confusion regarding which rules apply to current trading, which ultimately protects investors and the public interest. The proposed definition of complex order in Rule 1.1 is consistent with BOX Rule 7600(a)(4) and (c) and Phlx Rule 1098(a)(i) and (c)(iii). The proposed rule change has no impact on the trading, minimum increment, or priority of complex orders. The proposed rule change will not impose a significant burden on competition, as it will have no impact on current trading on Cboe Options, and are not intended to have any impact on competition.

For the foregoing reasons, this rule filing qualifies as a “non-controversial” rule change under Rule 19b-4(f)(6), which renders the proposed rule change effective upon filing with the Commission. At any time within 60 days of the filing of this proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

(c) Not applicable.

(d) Not applicable.

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

The proposed definition of class in Rule 1.1 is the same as the definition of class in C2 Rule 1.1.

**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-CBOE-2019-017]

[Insert date]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Update Defined Terms in its Rules, Delete Obsolete and Redundant Language, and Make Other Nonsubstantive Changes

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on [insert date], Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) 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<sup>3</sup> and Rule 19b-4(f)(6) thereunder.<sup>4</sup> 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 Exchange, Inc. (the “Exchange” or “Cboe Options”) proposes to update defined terms in its Rules, delete obsolete and redundant language, and make other nonsubstantive changes. The text of the proposed rule change is provided in Exhibit 5.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>4</sup> 17 CFR 240.19b-4(f)(6).



The text of the proposed rule change is also available on the Exchange's website (<http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx>), at the Exchange's Office of the Secretary, and at the Commission's Public Reference Room.

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

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

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

#### **1. Purpose**

Rule 1.1 currently contains definitions of terms used throughout the Cboe Options Rules. Each defined term is currently contained in a lettered paragraph within Rule 1.1. The proposed rule change first puts the defined terms in alphabetical order so that market participants can better locate defined terms within the Rules.

The proposed rule change also moves certain defined terms from other Rules to Rule 1.1, adds certain defined terms, makes certain nonsubstantive changes to existing definitions, and makes the changes described in the following table. The proposed rule change makes changes throughout the Rules to conform to the changes to defined terms.<sup>5</sup>

Defined Term	Provision	Current Cboe Options Rule	Description of Change
Aggregate Exercise	the exercise price of an option contract	1.1(t) and	Applied the definition to index options and delete

<sup>5</sup> For example, the proposed rule change deletes the definition of "National Spread Market" from Rule 6.25, Interpretation and Policy .07(b), and deletes the definition of "Exchange Spread Market" from Rule 6.53C, Interpretation and Policy .06(b)(2), as each term is defined in Rule 1.1.

Price	multiplied by (a) for equity options, the number of units of the underlying security or (b) for index options, the index multiplier for the underlying index covered by the option contract	24.1(c)	redundant definition in Rule 24.1(c)
American-Style Option	option contract that, subject to the provisions of Rule 11.1 (relating to the cutoff time for exercise instructions) and to the Rules of the Clearing Corporation, may be exercised on any business day prior to and on its expiration date.	1.1(vv)	No change to definition, but delete redundant definitions in Rule 24.1(m)
BBO	the best bid or offer disseminated on the Exchange	6.45(a)(ii)(c)(2) and other Rules	Moved to Rule 1.1
Bid	the price of a limit order or quote to buy one or more options contracts	N/A	Added to Rule 1.1 <sup>6</sup>
Board	the Exchange's Board of Directors	N/A (Board of Directors is currently referenced throughout the Rules)	Added to Rule 1.1
Book and Simple Book	electronic book of simple orders and quotes maintained by the System	1.1(rrr)	Adding that Book may also be referred to as Simple Book
Call	an option contract under which the holder of the	1.1(o) and 24.1(b)	Added clarifying language and applied the

<sup>6</sup> The proposed definition is consistent with the industry term “bid” and is the same as the definition of bid in C2 Rule 1.1 and EDGX Rule 16.1(a)(6).

	option has the right, in accordance with the terms of the option and the Rules of the Clearing Corporation, to purchase from the Clearing Corporation (a) for equity options, the number of units of the underlying security covered by the option contract, at a price per unit equal to the exercise price, or (b) for index options, the current index value times the index multiplier upon the timely exercise of the option		definition to index options <sup>7</sup> ; deletes redundant definition in 24.1(b)
Capped-Style Option	option contract that is automatically exercised when (a) for equity options, the cap price is reached or (b) for index options, the cap price is less (greater) than or equals the closing index value for calls (puts). If this does not occur prior to expiration, it may be exercised, subject to the provisions of Rule 11.1 (relating to the cutoff time for exercise instructions) and to the Rules of the Clearing Corporation, only on its expiration date; CAPS <sup>TM</sup> refers to capped-style options traded on the Exchange	1.1(ww) and 24.1(o)	No change; delete redundant definition in 24.1(o)

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The proposed definition is the same as the definition of call in C2 Rule 1.1 and EDGX Rule 16.1(a)(12).

Class and Hybrid Class	all option contracts with the same unit of trading covering the same underlying security or index	1.1(q)	Deletes unnecessary reference to options, given only options trade on the Exchange; applies the definition to index option; deletes that a class means options of the same type (currently defined as put or call), as a class is comprised of both puts and calls; adds that a class is comprised of option contracts with the same unit of trading covering the same underlying security or index (discussed below) <sup>8</sup>
Clearing Corporation and OCC	Options Clearing Corporation	1.1(d)	Adding that the Clearing Corporation may also be referred to as OCC
Clearing Trading Permit Holder	a Trading Permit Holder that has been admitted to membership in the Clearing Corporation pursuant to the provisions of the rules of the Clearing Corporation and is self-clearing or that clears transactions for other Trading Permit Holders	1.1(f)	Added that Clearing Trading Permit Holders self-clear or clear on behalf of others (consistent with Cboe Options today) <sup>9</sup>
Commission and SEC	U.S. Securities and Exchange Commission	3.1(a)(vi) and other Rules	Moved to Rule 1.1 and adding that the Commission may also be referred to as SEC

<sup>8</sup> The proposed rule change is the same as the definition of class in C2 Rule 1.1.

<sup>9</sup> The proposed rule change is the same as the definition of Clearing Trading Permit Holder in C2 Rule 1.1.

Complex Order	order involving the concurrent execution of two or more different series in the same class (the “legs” or “components” of the order), for the same account, occurring at or near the same time and for the purpose of executing a particular investment strategy with no more than the applicable number of legs (which number the Exchange determines on a class-by-class basis); the Exchange determines in which classes complex orders are eligible for processing; unless the context otherwise requires, the term complex order includes stock-option order and security future-option order; for purposes of electronic trading, the term “complex order” has the meaning set forth in Rule 6.53C; for purposes of Rules 6.9, 6.42, 6.45(b), and 6.74, the term “complex order” means a spread order, combination order, straddle order, or ratio	6.42 and 6.53C(a)(1)	Added general definition of complex order <sup>10</sup> ; the definition of complex order with respect to Rules 6.9, 6.42, 6.45, and 6.74 is limited pursuant to those Rules, so the proposed definition notes the limitations currently set forth in those Rules (and deletes them from the specified Rules); clarified that complex orders for the purpose of electronic processing have a different definition <sup>11</sup>
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<sup>10</sup> The proposed rule change is substantially similar the definition of complex orders that are permitted in open outcry of other exchanges. See, e.g., BOX Exchange LLC (“BOX”) Rule 7600(a)(4); and Nasdaq Phlx, LLC (“Phlx”) Rule 1098(a)(i) and (c)(iii).

<sup>11</sup> The proposed rule change has no impact on the trading, minimum increment, or priority of complex orders.

	order (each as defined in Rule 6.53), a stock-option order, a security future-option order, or a complex order as defined Rule 6.53C		
Customer	Public Customer or broker-dealer	N/A	Added to Rule 1.1; new definition in the Rules, but concept of customers exists throughout current Rules (including in priority rules)
Customer Order	agency order for the account of a Customer	N/A	Added to Rule 1.1
DEA	designated examining authority	3.6A(b) and others	Moved to Rule 1.1
Discretion	authority of a broker or dealer to determine for a Customer the type of option, class or series of options, the number of contracts, or whether options are to be bought or sold	N/A	Added to Rule 1.1 <sup>12</sup> ; concept of broker discretion contained in various Rules (see, e.g., Rule 6.75)
DPM Designee	has the meaning set forth in Rule 8.81	8.81	Added to Rule 1.1 a reference to the definition
Equity Option	option on an equity security (including Units (or ETFs) or Index-Linked Securities (or ETNs))	N/A (equity options permitted by Chapter 5)	Added to Rule 1.1, and clarifying that equity options includes options on ETFs and ETNs (both of which are permitted to be listed pursuant to Rule 5.3)
European-Style option	option contract that, subject to the provisions of Rule 11.1 (relating to	1.1(uu) and 24.1(k)	No change to definition, but delete redundant definitions in Rule

<sup>12</sup> The proposed rule change is substantively the same as the definition of discretion in C2 Rule 1.1 and EDGX Rule 16.1(a)(21).

	the cutoff time for exercise instructions) and to the Rules of OCC, may be exercised only on its expiration date		24.1(k)
Exchange or Cboe Options	Cboe Exchange, Inc.	N/A (but referenced throughout)	Added to rule 1.1
Exchange Act	Securities Exchange Act of 1934, including rules and regulations thereunder	1.1	Added rules and regulations, to which the Exchange is also subject
Exercise Price	the specified price per unit at which (a) for equity options, the underlying security or (b) for index options, current index value may be purchased or sold upon the exercise of an option contract	1.1(s) and 24.1(d)	Applied the definition to index options; deletes redundant definition in Rule 24.1(d)
Expiration Date	third Friday of expiration month	1.1	Deleted language about series that expire on Saturday rather than Friday, as no more grandfathered series are listed on the Exchange
FINRA	Financial Industry Regulatory Authority, Inc.	17.2, Interpretation and Policy .05 and other Rules	Added to Rule 1.1
Floor Broker	has the meaning set forth in Rule 6.70	6.70	Added to Rule 1.1 a reference to the definition
He, Him, His	deemed to refer to persons of female as well as male gender and to include organizations, as well as individuals, when the context	N/A	Added to Rule 1.1

	requires		
Index-Linked Security or ETN	shares or other securities traded on a national securities exchange and defined as an “NMS stock” as set forth in Interpretation and Policy .13	5.3, Interpretation and Policy .13	Added to Rule 1.1
Index Option	option on a broad-based, narrow-based, micro narrow-based or other index of equity securities prices	N/A (index options permitted by Chapter 24)	Added to Rule 1.1
Lead Market-Maker or LMM	has the meaning set forth in Rule 8.15	8.15	Added to Rule 1.1 a reference to the definition
Limit Up-Limit Down State	has the meaning set forth in Rule 6.3A	6.3A	Added to Rule 1.1 a reference to the definition
Market-Maker	has the meaning set forth in Rule 8.1	8.1	Added to Rule 1.1 a reference to the definition
NBB, NBO, and NBBO	the national best bid, the national best offer, and the national best bid or offer the Exchange calculates based on market information it receives from OPRA	6.80 (referenced throughout the Rules)	Added to Rule 1.1
NMS Stock	has the meaning set forth in Rule 600 of Regulation NMS of the Exchange Act	5.3(a)(1) and other Rules	Added to Rule 1.1
Notional Value	value calculated by multiplying the number of contracts (contract size multiplied by the contract multiplier) in an order by the order’s limit	6.25(e)(1)(C)	Added to Rule 1.1



	price		
Offer	the price of a limit order or quote to sell one or more option contracts	N/A	Added to Rule 1.1 <sup>13</sup>
OLPP	Options Listing Procedures Plan	5.5A	Moved to Rule 1.1
OPRA	Options Price Reporting Authority	6.43	Moved to Rule 1.1
Options Principal	person engaged in the management and supervision of the TPH's business pertaining to option contracts that has responsibility for the overall oversight of the TPH's options-related activities on the Exchange	N/A (but term used in various Rules)	Added to Rule 1.1 <sup>14</sup>
Order	firm commitment to buy or sell option contracts	1.1(ooo) and 6.53	Moved market order and limit order definitions to Rule 1.1 <sup>15</sup>
Order Service Firm	has the meaning set forth in Rule 6.77	6.77	Added to Rule 1.1 a reference to the definition
PAR Official	has the meaning set forth in Rule 6.12B	6.12B	Added to Rule 1.1 a reference to the definition

<sup>13</sup> The proposed definition is consistent with the industry term “offer” and is the same as the definition of bid in C2 Rule 1.1 and EDGX Rule 16.1(a)(30).

<sup>14</sup> The proposed definition is the same as the definition of Options Principal in C2 Rule 1.1.

<sup>15</sup> The proposed rule change deletes the concept of “reaching a post” with respect to a market order, as that is solely related to floor trading and also an obsolete term. Market orders may trade on the floor or electronically, and trade at the best price available at the time of execution (either on the trading floor or in the System). The proposed rule change adds that a limit order to buy (sell) is marketable when, at the time it enters the System or is represented on the trading floor, the order is equal to or higher (lower) than the then-current offer (bid), which is substantively the same as the definition of limit order in C2 Rule 1.1.

Preferred Market-Maker or PMM	has the meaning set forth in Rule 8.13	8.13	Added to Rule 1.1 a reference to the definition
Put	option contract under which the holder of the option has the right, in accordance with the terms and provisions of the option and the Rules of the Clearing Corporation, to sell to the Clearing Corporation (a) for equity options, the number of units of the underlying security covered by the option contract, at a price per unit equal to the exercise price, or (b) for index options, the current index value times the index multiplier upon the timely exercise of the option	1.1(n) and 24.1(a)	Added clarifying language and applied the definition to index options <sup>16</sup> ; deletes redundant definition in Rule 24.1(a)
Reporting authority	with respect to a particular index, the institution or reporting service designated by the Exchange as the official source for calculating the level of the index from the reported prices of the underlying securities that are the basis of the index and reporting such level	24.1(h)	Moved from 24.1(h)
Series or Series of Options	all option contracts of the same class that are the same type of option	1.1	Clarified that a series consists of options of the same type (i.e. options

<sup>16</sup> The proposed definition is the same as the definition of put in C2 Rule 1.1 and EDGX Rule 16.1(a)(49).

	and have the same exercise price, and expiration date		with the same exercise price and date that are calls are a series, and options with the same exercise price and date that are puts are another series)
Sponsored User	has the meaning set forth in Rule 6.20A	6.20A	Added to Rule 1.1 a reference to the definition
System or Hybrid Trading System	the Exchange's trading platform that allows Market-Makers to submit electronic quotes in their appointed classes and any connectivity to the foregoing trading platform that is administered by or on behalf of the Exchange, such as a communications hub	1.1(aaa)	As discussed below, deletes reference to Hybrid 3.0 platform and indicates it may be referred to as System in addition to Hybrid Trading System
Trading Session	hours during which the Exchange is open for trading for Regular Trading Hours or Global Trading Hours, each as defined in Rule 6.1	6.1 and 6.1A	Added to Rule 1.1
Transaction or Exchange transaction	transaction involving a contract effected on or through the Exchange or its facilities or systems	1.1(l)	Updated and simplified the definition to conform to the definition of transaction in C2 Rule 1.1
UIT Interest	share, unit, or other interest in or relating to a unit investment trust, including any component resulting from the subdivision or separation of such an interest	1.1(rr) and Interpretation and Policy .01	Combined definition and types of UIT interests into a single term

Unit or ETF	shares or other securities traded on a national securities exchange and defined as an “NMS stock” as set forth in Interpretation and Policy .06	5.3, Interpretation and Policy .06 and 5.8(b)	Added to Rule 1.1
Unit of Trading	defined in Rule 6.40	6.40	Added to Rule 1.1 a reference to the definition
Web CRD	the Central Registration Depository operated by FINRA	2.23, Interpretation and Policy .02 and other Rules	Moved to 1.1

As noted above, the proposed rule change amends the definition of class to mean all option contracts with the same unit of trading (including adjusted series as determined by OCC) covering the same underlying security or index. The current definition states a class consists of options of the same type, which is defined as either a put or a call. This definition of class corresponds to the definition as used when options trading began on the Exchange in the 1970s. However, as options trading grew, the term class became understood to include both puts and calls. This is consistent with current industry use of the term “class” and use of the term class throughout the Exchange’s Rules. Because a class is generally understood to include both puts and calls, which are types of series, not separate classes, the current definition of class is outdated. As described above, options with the same exercise price and expiration date that are puts constitute one series, and options with the same exercise price and expiration date that are calls constitute another series. Additionally, there are some exceptions for options that cover the same underlying but constitute a separate class, and the proposed definition incorporates this

concept.<sup>17</sup> For example, mini-options cover the same underlying security as standard options, but are considered as separate class since they have a different deliverable (10 shares of the underlying security rather than 100 shares of the underlying security, respectively). Additionally, when OCC adjusts series in connection with corporate actions (see Rule 5.7), it announces whether those series are part of the same existing class or a new class covering the same underlying security. The concept of unit of trading more accurately describes the series that constitute a class (e.g. the unit of trading for a mini-option is 10, and the unit of trading for a standard option is 100, making each a separate class under the proposed definition). The proposed definition accounts for these exceptions, and is a more accurate definition of what options constitute a class today on the Exchange.<sup>18</sup>

The proposed rule change alphabetizes the terms in Rule 6.53. In addition, the proposed rule change conforms the definition of ISO to the definition of ISO in C2 Rule 1.1 and moves the language regarding how ISOs are not eligible for processing under Rule 6.14A to that Rule. The proposed rule change amends the definition of a stop order to eliminate the reference to a trade on the Cboe Options floor, as the triggering trade

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<sup>17</sup> The proposed definition is the same as the definition of class in C2 Rule 1.1. The proposed definition with respect to the phrase “unit of trading” is consistent with the OCC definition of that term (the Exchange notes the OCC definition continues to remain outdated, as it still refers to a class consisting of contracts of the same type (OCC By-Laws Article I, C.(11)). See OCC By-Laws Article 1, U.(5) (a unit of trading). The proposed definition of unit of trading is consistent with Rule 6.40.

<sup>18</sup> The proposed rule change makes conforming changes to Rule 4.11, Interpretation and Policy .01(a) and 24A.7(a)(4), which currently contain references to class as being puts only or calls only. The term class with respect to these Rules regarding position limits is currently interpreted to mean both puts and calls, as described by the proposed definition of class.

may occur electronically (if the Exchange enables stop orders for electronic trading pursuant to Rule 6.53). The proposed rule change amends the definitions of FOK and IOC to provide that each may execute electronically in addition to in open outcry.

The proposed rule change also adds the following order times-in-force to Rule 6.53:

(a) Day: The term “Day” means, for an order so designated, an order to buy or sell that, if not executed, expires at the close of trading. While the term is not currently defined in the Rules, Day orders are currently referenced in various Rules and is consistent with current functionality.<sup>19</sup>

(b) Good-til-Cancelled or GTC: The terms “Good-til-Cancelled” or “GTC” mean, for an order so designated, if after entry into the System, the order is not fully executed, the order (or unexecuted portion) remains available for potential display or execution (with the same timestamp) unless cancelled by the entering User, or until the option expires, whichever comes first. While the term is not currently defined in the Rules, GTC orders are currently referenced in various Rules and is consistent with current functionality.<sup>20</sup>

The proposed rule change deletes “One-Cancels-the-Other” from current Rule 6.53(h). A one-cancels-the-other order consists of two or more orders treated as a unit. The Execution of any one of the orders causes the others to be cancelled. The Exchange no longer offers this order instruction for any class, and does not intend to in the future.

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<sup>19</sup> See, e.g., Rule 6.53C(c)(iii). The proposed definition of Day is the same as the definition of Day in C2 Rule 1.1.

<sup>20</sup> See Rule 6.53C(c)(iii). The proposed definition of Day is the same as the definition of Day in C2 Rule 1.1.

The proposed rule change makes conforming changes throughout the Rules to delete this term. The proposed rule change also moves the provisions in Rule 6.53, Interpretation and Policy .01 to proposed Rule 6.45(d), and moves the provisions in Rule 6.53, Interpretation and Policy .02 to Rule 6.24(a)(5).

The proposed rule change makes nonsubstantive changes to the introductory language of Rule 6.53 to provide that the Exchange determines which order types are available (or not available) on a class-by-class and system-by-system basis. This is consistent with the flexibility currently provided by Rule 6.53.<sup>21</sup>

The proposed rule change amends Rule 6.12A(c) to state that, in addition to the orders that may not route to PAR pursuant to Rule 6.12A(c), orders may not be eligible to route to PAR if the Rules or context otherwise requires. For example, there are certain order types not currently listed in Rule 6.12A(c) that may not route to PAR by their terms.<sup>22</sup> Which orders may route to PAR are listed on the Exchange's website.<sup>23</sup> The proposed rule change ensures consistency throughout the Rules.

Various Rules provide the Exchange will generally announce any determinations pursuant to those Rules by Regulatory Circular. The Exchange announces determinations in a variety of ways, including Regulatory Circular and Exchange Notice. Proposed Rule 1.2 states the Exchange will announce to Trading Permit Holders all determinations it makes pursuant to the Rules via (a) specifications, Notices, or Regulatory Circulars with appropriate advanced notice, which will be posted on the Exchange's website, (b) electronic message, or (c) other communication method as provided in the Rules. To

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<sup>21</sup> The proposed rule change is also substantively the same as C2 Rule 6.10.

<sup>22</sup> See, e.g., electronic-only order, opening rotation order.

<sup>23</sup> See <https://www.cboe.org/publish/opsettingsrth/operational-settings-for-rth.pdf>.

the extent the Rules provide the Exchange will announce a determination via Regulatory Circular, the Exchange may announce such determination via Notice. Proposed Rule 1.2 makes clear this information will be available on C2's website in an easily accessible manner, regardless of the manner in which the Exchange announces it. Additionally, certain determinations are made more real-time pursuant to electronic message received by Trading Permit Holders (e.g., providing intra-day relief for parameter settings in price protection mechanisms described in proposed Rule 6.14, Interpretation and Policy .01, other determinations related to need to maintain fair and orderly market). This single rule simplifies the Rules by eliminating the need to repeatedly state in the rules how the Exchange will announce determinations.<sup>24</sup>

The proposed rule change also deletes various Rules that are no longer necessary or in use. First, the proposed rule change deletes various Rules from Chapter II.<sup>25</sup> Current Rule 2.1 provides that the Board of Directors will have certain specified committees as well as other committees it establishes in accordance with the Bylaws and the Rules. Current Rule 2.2 provides the Board with the power to review Exchange decisions. The Exchange's Bylaws describe all of the Board's authority, include its authority to establish committees and to oversee the Exchange's activities.<sup>26</sup> Therefore,

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<sup>24</sup> Proposed Rule 1.2 is substantively the same as C2 Rule 1.2.

<sup>25</sup> As a result of these deletions, the only remaining Rules in Chapter II relate to fees and charges imposed on Trading Permit Holders. The proposed rule change therefore renames Chapter II as "Fees and Other Charges" and deletes the different "parts" of Chapter II that are no longer necessary.

<sup>26</sup> See Bylaws Section 3 (providing the Board with, among other things, all powers necessary for the management of the business and affairs of the Exchange, the authority to exercise all power of the Exchange, and the authority make decisions as it deems necessary or appropriate) and Article IV (describing committees of the Board).



Rules 2.1 and 2.2 are redundant and unnecessary to include in the Rules, and the proposed rule change deletes them. Pursuant to the Bylaws, the Board will continue to retain the same authority as provided by these Rules. The Exchange notes other options exchanges do not contain similar rules.

Current Rule 2.15 describes divisions that the Exchange must have. This Rule relates to the corporate and operational structure of the Exchange, which is within the authority and discretion of Exchange management, and does not relate to the how the Exchange operates or regulates its market. Therefore, the proposed rule change deletes this rule. Exchange management will continue to have the authority to determine the Exchange's corporate structure in the same manner as it does today. The Exchange notes other options exchanges not contain similar rules.

Current Rule 2.22 provides the Exchange may, from time to time, fix and impose fees and charges other than those provided for by current Rule 2.20 to be paid to the Exchange or to an organization designated by the Exchange by Trading Permit Holders or by categories of Trading Permit Holders with respect to applications, registrations, approvals, use of Exchange facilities, or other services or privileges granted. However, current Rule 2.20 provides that the Exchange may fix, from time to time, fees and charges payable by Trading Permit Holders. This provision would include the fees and charges that the Exchange may impose pursuant to Rule 2.22, and thus Rule 2.22 is redundant. Therefore, the Exchange proposes to delete current Rule 2.22.

The proposed rule change renumbers the remaining Rules in Chapter II – current Rules 2.20, 2.23, 2.24, and 2.51 – to be Rules 2.1, 2.2, 2.3, and 2.4, respectively. The proposed rule change also makes nonsubstantive changes to these Rules (including to

make the Rules plain English and update paragraph lettering). The proposed rule change also updates cross-references as necessary throughout the Rules.

The following rules contain language that the C2 board of directors may make certain trading decisions:

- Rules 5.3(b) and Interpretation and Policy .01 and 5.4, Interpretation and Policy .01, which state the Board may establish guidelines the Exchange considers when evaluating potential underlying securities for options transactions, and that the Board may establish guidelines to be considered when the Exchange determines whether an underlying security previously approved for Exchange option transactions no longer meets its requirements for the continuance of such approval.<sup>27</sup>
- Rules 6.1, 21.10, and 24.6, which states the Board determines trading hours and Exchange holidays.<sup>28</sup>
- Rule 6.6(d), which provides the Board must approve any Exchange restriction on the entry of stop, stop-limit, or market-if-touched orders

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<sup>27</sup> The proposed rule change also deletes the provision in Rule 5.3(b) that states, in exceptional circumstances, an underlying security may be approved by the Exchange even though it does not meet all the guidelines. Rule 5.3, Interpretation and Policy .01 already provides that the guidelines set forth in that interpretation and policy must be met except in exception circumstances, and therefore the provision in Rule 5.3(b) is redundant.

<sup>28</sup> The proposed rule change also restructures Rule 6.1 to more clearly present the Regular and Global Trading Hours for options on securities and indexes, as well as identify other Rules that contain trading hours for different option products, as well as to make nonsubstantive changes (such as making the Rule plain English). Additionally, because Rule 6.1 references other Rules related to trading hours of different option products, the proposed rule change amends certain of those Rules to delete provisions that state those Rules replace or supplement Rule 6.1, as those Rules are part of Rule 6.1 by reference. See Rule 21.10, 28.9, and 29.11.

whenever market conditions warrant, if such restriction is to be effective more than two consecutive business days.

- Rule 6.17, which permits the Board to designate persons other than the CEO or President to halt or suspend trading and take other action if necessary or appropriate for the maintenance of a fair and orderly market or the protection of investors, due to emergency conditions, and requires the person taking action to notify the Board of actions taken pursuant to that Rule.
- Rule 8.7(d)(iv), which states an official designated by the Board may call upon a Market-Maker to submit a quote or maintain continuous quotes in a series of a class to which the Market-Maker is appointed.
- Rule 8.87, which permits the board to establish a participation entitlement formula applicable to DPMs.

These decisions relate to Exchange trading and operations, and thus are made by Exchange management, rather than the Board, which generally is not involved in determinations related to day-to-day operations of the Exchange. Therefore, the proposed rule change modifies these provisions to indicate the Exchange or senior Exchange officials, as applicable, will make these determinations rather than the Board. The Exchange notes pursuant to corresponding C2 and EDGX rules, those exchanges or senior exchange officials makes those determinations rather than the exchange's board.

The proposed rule change deletes the following obsolete rules or redundant Rules and related provisions:

- Hybrid 3.0: The Rules currently provide that the Exchange has two trading platforms, and the Exchange determines on which platform each class of options will trade.<sup>29</sup> Currently, the Exchange has determined that all option classes trade on the Hybrid Trading System, and no option classes trade on the Hybrid 3.0 Platform.<sup>30</sup> The Exchange has no intention of trading any option classes on the Hybrid 3.0 Platform in the future. Therefore, the proposed rule change deletes all rule provisions related to and references to the Hybrid 3.0 Platform, as well as the concept of multiple trading platforms.<sup>31</sup>
- Order Book Officials: Recently, the Exchange deleted Rules related to Order Book Officials, who were Exchange employees responsible for maintaining the book with respect to classes assigned to them, effecting proper executions of orders placed with them, displaying bids and offers, and monitoring the market for classes assigned to them. The Exchange currently has no employees

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<sup>29</sup> See current Rule 8.14(a).

<sup>30</sup> See current Rule 1.1(aaa) (definition of Hybrid Trading System and Hybrid 3.0 Platform).

<sup>31</sup> See Rules 1.1 (including definitions of Hybrid Trading System, Voluntary Professional, Professional, and broker-dealer order), 6.1A(b), 6.2(h) and Interpretation and Policy .05, 6.11, 6.12A(b)(v), 6.13(a), (b)(i)(A)(2) and (C)(1), 6.14A(a)(iii), 6.43(b), 6.45(c)(i)(C) and Interpretations and Policies .01 through .04, 6.53C, Interpretation and Policy .10, 8.3(c)(iii) and (iv), 8.7, Interpretation and Policy .03 (the proposed rule change restructures this Interpretation and Policy, as there is no longer a need for separately lettered paragraphs), 8.14(a), (b), and Interpretation and Policy .01, 8.15(c) and Interpretation and Policy .03, 8.18 (eliminating reference to Market-Makers as “Hybrid Market-Makers,” as the term Market-Makers is sufficient given that all appointed classes are Hybrid classes), 8.83(g), 8.85(e), and 24.9(d)(6).

designated as, and does not intend to designate any employees as, Order Book Officials, as Order Book Official functions are generally obsolete now that most trading occurs electronically.<sup>32</sup> Several references to Order Book Officials were inadvertently left in the Rules, and the proposed rule change deletes those references.<sup>33</sup>

- Quote Indications: Rule 6.1, Interpretation and Policy .05 permits the Exchange to designate classes and time periods in which TPHs may, prior to the scheduled opening rotation of Regular Trading Hours, enter option market quote indications based upon the anticipated opening price of the security underlying such designated option class. The Exchange has not designated, and does not intend to designate, any classes in which TPHs may enter these option market quote indications. Therefore, the Exchange proposes to delete this Interpretation and Policy. TPHs may submit orders and quote prior to the opening rotation pursuant to Rule 6.2.
- SAL: Rule 6.13A describes the Simple Auction Liaison (“SAL”). SAL is a feature within the System that auctions marketable orders for price improvement over the NBBO. Pursuant to current Rule 6.13A(a), the Exchange has the authority to activate SAL on a class-by-class basis. Currently, the Exchange has not activated SAL for any class, and does not intend to activate it for any class in

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<sup>32</sup> Securities Exchange Act Release No. 34-82529 (January 18, 2018), 83 FR 3372 (January 24, 2018) (SR-CBOE-2018-003).

<sup>33</sup> See Rules 3.9, Interpretation and Policy .02, 6.3B, Interpretation and Policy .01(c), 6.24, Interpretation and Policy .02, 6.46, 6.51, Interpretation and Policy .01, 6.74(a) and (d), 8.7, Interpretation and Policy .03, 8.17(b), 21.18, 24.13, Interpretation and Policy .02, and 29.17.

the future. Therefore, the proposed rule change deletes Rule 6.13A, and references to that Rule and SAL in various Rules.

- COATS Implementation Language: In 2005, the Exchange adopted Rule 6.24 to require TPHs to systematize certain order information in connection with the implementation of a consolidated order audit trail (“COATS”). Rule 6.24 states the requirements of that Rule were to commence on January 10, 2005, except for certain classes, for which the requirements of that Rule were to commence on March 28, 2005 (as set forth in paragraph (c)). As the requirements of Rule 6.24 are in place and applicable to all classes, the proposed rule change deletes those provisions.
- Provision Related to Rule 6.13B: Rule 6.47, Interpretation and Policy .02 indicates the applicability of Rule 6.47 to Rule 6.13B. Rule 6.13B no longer exists, so the proposed rule change deletes that Interpretation and Policy.
- Transactions off the Exchange: Rule 19c-3 under the Exchange Act describes a rule provision that each national securities exchange must contain regarding the ability of members to engage in transactions off an exchange. The proposed rule change adds this provision to Interpretation and Policy .01(b). The proposed rule change also deletes the introductory language in Interpretation and Policy .01, as it is unnecessary. Rules 19c-1 and 19c-3 under the Exchange Act only require the Exchange’s Rules to include language set forth in those Exchange Act Rules. The proposed rule change also amends the current language in Interpretation and Policy .01 (proposed paragraph (a)) to incorporate terms used throughout the Rules.

- Leg Orders: Rule 6.53C(c)(iv) describes leg order functionality, pursuant to which leg orders may be automatically generated on behalf of complex orders so that they are represented in the individual leg markets. The Exchange has not implemented, and does not intend to implement, leg order functionality. Therefore, the proposed rule change deletes Rule 6.53C(C)(iv), as well as related provisions in current Interpretations and Policies .06, .07, and .12 and Rule 6.53(x)
- Rules Related to Non-Option Transactions: Currently, the Exchange only permits and has trading Rules related to options trading. Rules 6.65 and 10.10 through 10.22 relate to transactions in stocks, bonds, warrants, and other non-option products. Because these Rules do not apply to options trading, the proposed rule change deletes them.
- Brokerage Bills: Current Rules 6.76 and 6.76A describe certain payment practices related to amounts due from a customer to a broker. The Exchange no longer has a role in the billing brokerage services provided to a customer. All provisions related to how the Exchange bills Trading Permit Holders are contained in the Fees Schedule and Rule 3.23. Therefore, the proposed rule change deletes Rules 6.76 and 6.76A.
- Class Quoting Limit: Current Rule 8.3A states the Exchange may impose an upper limit on the aggregate number of Market-Makers that may quote in each product (the “CQL”). The Exchange no longer intends to impose a limit on the aggregate number of TPHs that may quote electronically in each product during a

trading session, and thus proposes to delete Rule 8.3A.<sup>34</sup> The current limit for each class is 50 pursuant to Rule 8.1, Interpretation and Policy .01, and there is no product for which the Exchange has increased the CQL, as the current number of quoters per class is below this maximum. The Exchange represents it has capacity to handle any additional quoters due to the elimination of the CQL. The Exchange monitors System capacity in other ways, making a CQL no longer necessary.<sup>35</sup>

- RFQ Functionality: Pursuant to Rule 8.14(b).3, the Exchange may activate request-for-quote (“RFQ”) functionality in index classes, and if it does, Market-Makers would have an obligation to respond to a specified percentage of RFQs. The Exchange has not activated, and does not intend to activate in the future, this RFQ functionality for any index class. Therefore, the proposed rule change deletes this provision.
- Trading Crowd Definition: Rule 1.1 defines in-crowd market participants. A trading crowd in a pit on the Exchange’s trading floor today consists of market participants other than Market-Makers. The definition of trading crowd in Rule 8.50 is outdated, and therefore the proposed rule change deletes this Rule.

The proposed rule change makes additional nonsubstantive changes throughout the Rules, including to make Rules plain English, update paragraph lettering and numbering, update cross-references as necessary, and add or modify headings and subheadings.

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<sup>34</sup> The proposed rule change deletes a cross-reference to Rule 8.3A in Rule 3.1(b)(ii).

<sup>35</sup> See, e.g., Rule 6.23B.



## 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.<sup>36</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>37</sup> 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)<sup>38</sup> 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 updates certain terms that are currently outdated and clarifies applicability of other terms, and deletes certain rules that are obsolete, no longer applicable to Cboe Options trading, or duplicative, and makes other nonsubstantive changes, such as reorganizing rules, updating paragraph lettering and numbering, and making rule provisions plain English. The Exchange believes this will more clearly identify currently applicable of rules, which the Exchange believes removes impediments to and perfects the mechanism of a free and open market. The Exchange

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<sup>36</sup> 15 U.S.C. 78f(b).

<sup>37</sup> 15 U.S.C. 78f(b)(5).

<sup>38</sup> Id.

believes the proposed rule change will eliminate confusion regarding which rules apply to current trading, which ultimately protects investors and the public interest. These changes will have no impact on current trading on Cboe Options.

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

Cboe Options 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 to delete rules that no longer apply to Cboe Options trading and make other nonsubstantive changes will have no impact on current trading on Cboe Options, and thus are not intended to have any impact on competition. The proposed rule change eliminates confusion with respect to rules applicable to current trading on Cboe Options.

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

The Exchange neither solicited nor received comments on the proposed rule change.

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

Because the foregoing proposed rule change does not:

- A. significantly affect the protection of investors or the public interest;
- B. impose any significant burden on competition; and
- C. become operative for 30 days from the date on which it was filed, or such

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

Section 19(b)(3)(A) of the Act<sup>39</sup> and Rule 19b-4(f)(6)<sup>40</sup> 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](mailto:rule-comments@sec.gov). Please include File Number SR-CBOE-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.

All submissions should refer to File Number SR-CBOE-2019-017. This file number should be included on the subject line if e-mail is used. To help the Commission process

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<sup>39</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>40</sup> 17 CFR 240.19b-4(f)(6).

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-CBOE-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.<sup>41</sup>

Secretary

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<sup>41</sup> 17 CFR 200.30-3(a)(12).

## EXHIBIT 5

(additions are underlined; deletions are [bracketed])

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Rules of Cboe Exchange, Inc.

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**CHAPTER I. [DEFINITIONS]GENERAL PROVISIONS****Rule 1.1. Definitions**

When used in these Rules, unless the context otherwise requires:

**Adjusted Option Series**

The term “adjusted option series” means a series in which, as a result of a corporate action by the issuer of the underlying security, one option contract in the series represents the delivery of other than 100 shares of underlying stock or Units.

**Affiliate and Affiliated with**

The terms “affiliate” of and a person “affiliated with” another person mean a person who, directly or indirectly, controls, is controlled by, or is under common control with, such other person.

**Aggregate Exercise Price**

The term “aggregate exercise price” means the exercise price of an option contract multiplied by (a) for equity options, the number of units of the underlying security or (b) for index options, the index multiplier for the underlying index covered by the option contract.

**American-Style Option**

The term “American-style option” means an option contract that, subject to the provisions of Rule 11.1 (relating to the cutoff time for exercise instructions) and to the Rules of the Clearing Corporation, may be exercised on any business day prior to and on its expiration date.

**Application Programming Interface and API**

The terms “Application Programming Interface” and “API” mean the computer interface that allows market participants with authorized access to interface electronically with the Exchange.

**Associated Person and Person Associated with a Trading Permit Holder**

The terms “associated person” and “person associated with a Trading Permit Holder” mean any partner, officer, director, or branch manager of a Trading Permit Holder (or any person occupying a similar status or performing similar functions), any person directly or indirectly controlling, controlled by, or under common control with a Trading Permit Holder, or any employee of a Trading Permit Holder.

**BBO**

The term “BBO” means the best bid or offer disseminated on the Exchange.

**Bid**

The term “bid” means the price of a limit order or quote to buy one or more options contracts.

**Board**

The term “Board” means the Board of Directors of the Exchange.

**Book and Simple Book**

The terms “Book” and “Simple Book” (also referred to as “book,” “electronic book,” and “EBook” in the Rules) mean the electronic book of simple orders and quotes maintained by the System. “Book” will refer to the Book used during Regular Trading Hours or Global Trading Hours, as applicable.

**Broker-Dealer Order**

The term “broker-dealer order” means an order for an account in which a Trading Permit Holder, a non-Trading Permit Holder broker or dealer in securities (including a foreign broker-dealer), a joint venture with a Trading Permit Holder and non-Trading Permit Holder participants, or a Voluntary Professional or Professional has an interest.

**Business Day and Trading Day**

The terms “business day” and “trading day” mean a day on which the Exchange is open for trading during Regular Trading Hours. A business day or trading day includes both the Regular Trading Hours and Global Trading Hours trading sessions on that day. If the Exchange is not open for Regular Trading Hours on a day, then it will not be open for Global Trading Hours on that day.

**Bylaws**

The term “Bylaws” means the Bylaws of the Exchange, as they may be amended from time to time.

### **Call**

The term “call” means an option contract under which the holder of the option has the right, in accordance with the terms of the option and the Rules of the Clearing Corporation, to purchase from the Clearing Corporation (a) for equity options, the number of units of the underlying security covered by the option contract, at a price per unit equal to the exercise price, or (b) for index options, the current index value times the index multiplier upon the timely exercise of the option.

### **Capped-Style Option**

The term “capped-style option” means an option contract that is automatically exercised when (a) for equity options, the cap price is reached or (b) for index options, the cap price is less (greater) than or equals the closing index value for calls (puts). If this does not occur prior to expiration, it may be exercised, subject to the provisions of Rule 11.1 (relating to the cutoff time for exercise instructions) and to the Rules of the Clearing Corporation, only on its expiration date. CAPS<sup>TM</sup> refers to capped- style options traded on the Exchange.

### **Class and Hybrid Class**

The terms “class” and “Hybrid class” mean all option contracts with the same unit of trading covering the same underlying security or index.

### **Clearing Corporation and OCC**

The terms “Clearing Corporation” and “OCC” mean The Options Clearing Corporation.

### **Clearing Trading Permit Holder**

The term “Clearing Trading Permit Holder” means a Trading Permit Holder that has been admitted to membership in the Clearing Corporation pursuant to the provisions of the Rules of the Clearing Corporation and is self-clearing or that clears transactions for other Trading Permit Holders.

### **Closing Purchase Transaction**

The term “closing purchase transaction” means an Exchange transaction that reduces or eliminates a short position in an option contract.

### **Closing Writing Transaction**

The term “closing writing transaction” means an Exchange transaction that reduces or eliminates a long position in an option contract.

### **Commission and SEC**

The terms “Commission” and “SEC” mean the U.S. Securities and Exchange Commission.

### **Complex Order**

The term “complex order” means an order involving the concurrent execution of two or more different series in the same class (the “legs” or “components” of the complex order), for the same account, occurring at or near the same time and for the purpose of executing a particular investment strategy with no more than the applicable number of legs (which number the Exchange determines on a class-by-class basis). The Exchange determines in which classes complex orders are eligible for processing. Unless the context otherwise requires, the term complex order includes stock-option order and security future-option order. For purposes of electronic trading, the term “complex order” has the meaning set forth in Rule 6.53C. For purposes of Rules 6.9, 6.42, 6.45(b), and 6.74, the term “complex order” means a spread order, combination order, straddle order, or ratio order (each as defined in Rule 6.53), a stock-option order, a security future-option order, or a complex order as defined in Rule 6.53C.

### **Continuous Electronic Quotes**

A Market-Maker who is obligated to provide continuous electronic quotes is deemed to have provided “continuous electronic quotes” if the Market-Maker provides electronic two-sided quotes for 90% of the time the Market-Maker is required to provide electronic quotes in an appointed option class on a given trading day during the applicable trading session. Compliance with this quoting obligation applies to all of a Market-Maker’s appointed classes collectively (with respect to each Market-Maker type as the Market-Maker is approved to act). The Exchange will determine compliance by a Market-Maker with this quoting obligation on a monthly basis. However, determining compliance with this obligation on a monthly basis does not relieve a Market-Maker from meeting this obligation on a daily basis, nor does it prohibit the Exchange from taking disciplinary action against a Market-Maker for failing to meet this obligation each trading day. Market-Maker continuous electronic quoting obligations may be satisfied by Market-Makers either individually or collectively with Market-Makers of the same TPH organization.

If a technical failure or limitation of a system of the Exchange prevents the Market-Maker from maintaining, or prevents the Market-Maker from communicating to the Exchange, timely and accurate electronic quotes in a class, the duration of such failure shall not be considered in determining whether the Market-Maker has satisfied the 90% quoting standard with respect to that option class. The Exchange may consider other exceptions to this continuous electronic quote obligation based on demonstrated legal or regulatory requirements or other mitigating circumstances.



**Control**

The term “control” means the power to exercise a controlling influence over the management or policies of a person, unless that power is solely the result of an official position with the person. Any person who owns beneficially, directly or indirectly, more than 20% of the voting power in the election of directors of a corporation, or more than 25% of the voting power in the election of directors of any other corporation that directly or through one or more affiliates owns beneficially more than 25% of the voting power in the election of directors of the corporation, is presumed to control the corporation.

**Covered**

The term “covered” in respect of a short position in a call option contract means that the writer’s obligation is secured by a “specific deposit” or an “escrow deposit” meeting the conditions of Rule 610(f) or 610(h), respectively, of the Rules of the Clearing Corporation, or the writer holds in the same account as the short position, on a share-for-share basis, a long position either in the underlying security or in an option contract of the same class of options where the exercise price of the option contract in the long position is equal to or less than the exercise price of the option contract in the short position. The term “covered” in respect of a short position in a put option contract means that the writer holds in the same account as the short position, on a share-for-share basis, a long position in an option contract of the same class of options where the exercise price of the option contract in the long position is equal to or greater than the exercise price of the option contract in the short position.

**Customer**

The term “customer” means a Public Customer or a broker-dealer.

**Customer Order**

The term “customer order” means an agency order for the account of a customer.

**DEA**

The term “DEA” means designated examining authority.

**Designated Primary Market-Maker and DPM**

The terms “Designated Primary Market-Maker” and “DPM” have the meaning set forth in Rule 8.80.

**Discretion**

The term “discretion” means the authority of a broker or dealer to determine for a Customer the type of option, class or series of options, the number of contracts, or whether options are to be bought or sold.

### **DPM Designee**

The term “DPM Designee” has the meaning set forth in Rule 8.81.

### **Equity Option**

The term “equity option” means an option on an equity security (including Units (or ETFs) and Index-Linked Securities (or ETNs)).

### **European-Style Option**

The Term “European-style option” means an option contract that, subject to the provisions of Rule 11.1 (relating to the cutoff time for exercise instructions) and to the Rules of the Clearing Corporation, may be exercised only on its expiration date.

### **Exchange or Cboe Options**

The terms “Exchange” or “Cboe Options” mean Cboe Exchange, Inc.

### **Exchange Act**

The term “Exchange Act” means the Securities Exchange Act of 1934, as amended, and Rules and Regulations thereunder.

### **Exchange Spread Market**

The term “Exchange Spread Market” means the derived net market based on the BBOs in the individual series legs comprising a complex order and, if a stock-option order, the NBBO of the stock leg.

### **Executive Officer**

The term “executive officer” of a TPH organization means the chairman of the board, president, executive vice president, any other vice president engaged in the management of the TPH organization’s business pertaining to options, treasurer, secretary, or any other person who performs for a TPH organization functions corresponding to those performed by the foregoing officers.

**Exercise Price**

The term “exercise price” means the specified price per unit at which (a) for equity options, the underlying security or (b) for index options, the current index value may be purchased or sold upon the exercise of an option contract.

**Expiration Date**

Unless separately defined elsewhere in the Rules, the term “expiration date” means the third Friday of the expiration month of such option contract, or if such Friday is a day on which the exchange on which such option is listed is not open for business, the preceding day on which such exchange is open for business.

**Federal Reserve Board**

The term “Federal Reserve Board” means the Board of Governors of the Federal Reserve System.

**FINRA**

The term “FINRA” means the Financial Industry Regulatory Authority, Inc.

**Floor Broker**

The term “Floor Broker” has the meaning set forth in Rule 6.70.

**Floor Official**

The term “Floor Official” means an individual appointed by the Exchange who is granted certain duties and authorities under the Rules with respect to trading issues and market actions.

**Foreign Broker-Dealer**

The term “foreign broker-dealer” means any person or entity that is registered, authorized, or licensed by a foreign governmental agency or foreign regulatory organization (or is required to be so registered, authorized, or licensed) to perform the function of a broker or dealer in securities, or both. For the purposes of this definition, the terms “broker” and “dealer” have the same meaning as provided in Section 3(a)(4) and 3(a)(5) of the Exchange Act, except that a “broker” or “dealer” may be a bank.

**Global Trading Hours**

The term “Global Trading Hours” has the meaning set forth in Rule 6.1.

**Good Standing**

The term “good standing” means that a Trading Permit Holder or associated person is not delinquent respecting Exchange fees or other charges and is not suspended or barred from being a Trading Permit Holder or from being associated with a Trading Permit Holder.

### **He, Him, or His**

The terms “he,” “him,” or “his” will be deemed to refer to persons of female as well as male gender, and to include organizations, as well as individuals, when the context so requires.

### **In-Crowd Market Participant and ICMP**

The terms “in-crowd market participant” and “ICMP” mean an in-crowd Market-Maker, an on-floor DPM or LMM with an allocation or appointment, respectively, in a class, or a Floor Broker or PAR Official representing orders in the trading crowd on the trading floor.

### **Index Option**

The term “index option” means an option on a broad-based, narrow-based, micro narrow-based, or other index of equity securities prices.

### **Index-Linked Exchangeable Note**

The term “Index-Linked Exchangeable Note” means an exchangeable debt security that is exchangeable at the option of the holder (subject to the requirement that the holder in most circumstances exchange a specified minimum amount of notes), on call by the issuer, or at maturity for a cash amount based on the reported market prices of the underlying stocks of an underlying index.

### **Index-Linked Security and ETN**

The terms “Index-Linked Security” and “ETN” (exchange-traded note) means shares or other securities principally traded on a national securities exchange and defined as an NMS stock as set forth in Rule 5.3, Interpretation and Policy .13.

### **Index Portfolio Receipts or IPRs**

The terms “index portfolio receipts” and “IPRs” mean securities that (a) represent an interest in a unit investment trust which holds the securities that comprise an index on which a series of IPRs is based; (b) are issued by the trust in a specified aggregate minimum number in return for a “Portfolio Deposit” consisting of specified numbers of shares of stock plus a cash amount; (c) when aggregated in the same specified minimum number, may be redeemed from the trust, which will pay to the redeeming holder the stock and cash then comprising the Portfolio Deposit; and (d) pay holders a periodic cash payment corresponding to the regular cash dividends or distributions declared and paid with respect to the component securities of the stock index on which the IPRs are based, less certain

expenses and other charges as set forth in the trust prospectus. IPRs are “UIT interests” within the meaning of the Rules.

### **Index Portfolio Shares or IPSs**

The terms “Index Portfolio Shares” and “IPSs” mean securities that (a) are issued by an open-end management investment company based on a portfolio of stocks or fixed income securities designed to provide investment results that correspond generally to the price and yield performance of a specified foreign or domestic stock index or fixed income securities index; (b) are issued by such an open-end management investment company in a specified aggregate minimum number in return for a deposit of specified number of shares of stock and/or a cash amount, or a specified portfolio of fixed income securities and/or a cash amount, with a value equal to the next determined net asset value; and (c) when aggregated in the same specified minimum number, may be redeemed at a holder’s request by such open-end management investment company, which will pay to the redeeming holder stock and/or cash, or a specified portfolio of fixed income securities and/or cash with a value equal to the next determined net asset value.

### **Inter-Regulatory Spread Order**

The term “inter-regulatory spread” order means an order involving the simultaneous purchase and/or sale of at least one unit in contracts each of which is subject to different regulatory jurisdictions at stated limits, or at a stated differential, or at market prices on the floor of the Exchange.

### **Lead Market-Maker or LMM**

The terms “Lead Market-Maker” and “LMM” have the meaning set forth in Rule 8.15.

### **Limit Up-Limit Down State**

The term “limit up-limit down state” has the meaning set forth in Rule 6.3A.

### **Long Position**

The term “long position” means a person’s interest as the holder of one or more option contracts.

### **Market-Maker**

The term “Market-Maker” has the meaning set forth in Rule 8.1.

### **Minimum Increment**

The term “minimum increment” means the minimum increment for which bids and offers generally may be expressed as established pursuant to Rule 6.42.

**National Spread Market**

The term “national spread market” means the derived net market based on the NBBOs in the individual series legs comprising a complex order and, if a stock-option order, the NBBO of the stock leg.

**NBB, NBO, and NBBO**

The term “NBB” means the national best bid, the term “NBO” means the national best offer, and the term “NBBO” means the national best bid or offer the Exchange calculates based on market information it receives from OPRA.

**NMS Stock**

The term “NMS stock” has the meaning set forth in Rule 600 of Regulation NMS of the Exchange Act.

**Nominee**

The term “nominee” means an individual who is authorized by a TPH organization, in accordance with Rule 3.8, to represent the TPH organization in all matters relating to the Exchange.

**Notional Value**

The term “notional value” means the value calculated by multiplying the number of contracts (contract size multiplied by the contract multiplier) in an order by the order’s limit price.

**OCC Cleared OTC Option Contract**

The term “OCC cleared OTC option contract” means an over-the-counter option contract that is issued and guaranteed by OCC and, except as otherwise provided in the Rules, is not an option contract.

**Offer**

The term “offer” means the price of a limit order or quote to sell one or more option contracts.

**OLPP**

The term “OLPP” means the Options Listing Procures Plan, which is available on OCC’s website.

**Opening Purchase Transaction**

The term “opening purchase transaction” means a transaction that creates or increases a long position in an option contract.

**Opening Writing Transaction**

The term “opening writing transaction” means a transaction that creates or increases a short position in an option contract.

**OPRA**

The term “OPRA” means the Options Price Reporting Authority.

**Option Contract**

The term “option contract” means a put or a call issued, or subject to issuance, by the Clearing Corporation pursuant to the Rules of the Clearing Corporation.

**Options Principal**

The term “Options Principal” means a person engaged in the management and supervision of the Trading Permit Holder’s business pertaining to option contracts that has responsibility for the overall oversight of the Trading Permit Holder’s options-related activities on the Exchange.

**Order**

The term “order” means a firm commitment to buy or sell option contracts. Order types are listed in Rule 6.53.

**Order Service Firm**

The term “order service firm” has the meaning set forth in Rule 6.77.

**Outstanding**

The term “outstanding” means an option contract that has been issued by the Clearing Corporation and has neither been the subject of a closing writing transaction nor reached its expiration date.

**PAR Official**

The term “PAR Official” has the meaning set forth in Rule 6.12B.

**Person**

The term “person” means an individual, partnership (general or limited), joint stock company, corporation, limited liability company, trust or unincorporated organization, or any governmental entity or agency or political subdivision thereof.

### **Preferred Market-Maker or PMM**

The terms “Preferred Market-Maker” and “PMM” have the meaning set forth in Rule 8.13.

### **Primary Market**

The term “primary market” means the primary exchange on which an underlying security is listed.

### **Principal Shareholder**

The term “principal shareholder” means any person beneficially owning, directly or indirectly, equity securities representing at least 5% of the voting power in elections of directors, of the net worth, or participation in the net profits of a corporation.

### **Priority Customer**

The term “priority customer” means a person or entity that is a public customer and is not a Professional or Voluntary Professional.

### **Priority Customer Order**

The term “priority customer order” means an order for the account of a priority customer.

### **Professional**

The term “Professional” means any person or entity that (a) is not a broker or dealer in securities, and (b) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). Interpretation and Policy .01 to this Rule 1.1 describes how certain orders should be counted for Professional order counting purposes. A Professional will be treated in the same manner as a broker or dealer in securities for purposes of Rules 6.2, 6.8, 6.9, 6.25, 6.45 (except for Interpretation and Policy .02), 6.47, 6.53C(d)(v) and Interpretation and Policy .06(b) and (c), 6.74 (except Professional orders may be considered Public Customer orders subject to facilitation under paragraphs (b) and (d)), 6.74A, 6.74B, 8.13, 8.15(d), 8.87, and 24.19. All Professional orders must be marked with the appropriate origin code determined by the Exchange.

### **Proprietary Trading Permit Holder**



The term “Proprietary Trading Permit Holder” means a Trading Permit Holder with electronic access to the Exchange to submit proprietary orders that are not Market-Maker orders.

### **Public Customer**

The term “public customer” means a person that is not a broker or dealer in securities.

### **Public Customer Order**

The term “public customer order” means an order for the account of a public customer.

### **Put**

The term “put” means an option contract under which the holder of the option has the right, in accordance with the terms and provisions of the option and the Rules of the Clearing Corporation, to sell to the Clearing Corporation (a) for equity options, the number of units of the underlying security covered by the option contract, at a price per unit equal to the exercise price, or (b) for index options, the current index value times the index multiplier upon the timely exercise of the option.

### **Quarterly Options Series**

The term “Quarterly Option Series” means a series in an options class that is approved for listing and trading on the Exchange in which the series is opened for trading on any business day and that expires at the close of business on the last business day of a calendar quarter pursuant to the Quarterly Options Series Program provisions of Rule 5.5(e) or 24.9(a)(2).

### **Quote and Quotation**

The terms “quote” and “quotation” mean a bid or offer entered by a Market-Maker, which is firm and updates the Market-Maker’s previous bid or offer, if any, and which the Market-Maker may update in block quantities.

### **Regular Trading Hours**

The term “Regular Trading Hours” has the meaning set forth in Rule 6.1.

### **Reporting Authority**

The term “reporting authority” with respect to a particular index means the institution or reporting service designated by the Exchange as the official source for calculating the level of the index from the reported prices of the underlying securities that are the basis of the index and reporting such level.

### **Restructuring Transaction**

The term “Restructuring Transaction” means the restructuring of the Exchange from a non-stock corporation to a stock corporation and wholly owned subsidiary of Cboe Global Markets, Inc.

## **Rules**

The term “Rules” means the Rules of the Exchange, as they may be in effect from time to time.

## **Rules of the Clearing Corporation and Rules of OCC**

The terms “Rules of the Clearing Corporation” and “Rules of OCC” mean the Certificate of Incorporation, the By-laws and the Rules of the Clearing Corporation, and all written interpretations thereof, as they may be in effect from time to time.

## **Security Future-Option Order**

A security future-option order, which shall be deemed a type of Inter-regulatory Spread Order, is an order to buy or sell a stated number of units of a security future or a related security convertible into a security future (“convertible security future”) coupled with either (a) the purchase or sale of option contract(s) on the opposite side of the market representing either the same number of the underlying for the security future or convertible security future or the number of units of the underlying for the security future or convertible security future necessary to create a delta neutral position or (b) the purchase or sale of an equal number of put and call option contracts, each having the same exercise price and expiration date, and each representing the same number of the underlying for the security future or convertible security future, as and on the opposite side of the market from, the underlying for the security future or convertible security future portion of the order.

## **Series and Series of Options**

The terms “series” and “series of options” mean all option contracts of the same class that are the same type of option and have the same exercise price and expiration date.

## **Short Term Option Series**

The term “Short Term Option Series” means a series in an option class that is approved for listing and trading on the Exchange in which the series is opened for trading pursuant to the Short Term Option Series Program provisions of Rule 5.5(d) or 24.9(a)(2).

## **Short Position**

The term “short position” means a person’s interest as the writer of one or more option contracts.

## **Sponsored User**

The term “Sponsored User” has the meaning set forth in Rule 6.20A.

### **Stock-Option Order**

A stock-option order is an order to buy or sell a stated number of units of an underlying or a related security coupled with either (a) the purchase or sale of option contract(s) on the opposite side of the market representing either the same number of units of the underlying or related security or the number of units of the underlying security necessary to create a delta neutral position or (b) the purchase or sale of an equal number of put and call option contracts, each having the same exercise price and expiration date, and each representing the same number of units of stock as, and on the opposite side of the market from, the underlying or related security portion of the order. For purposes of electronic trading, the term “stock-option order” has the meaning set forth in Rule 6.53C.

### **System and Hybrid Trading System**

The terms “System” and “Hybrid Trading System” mean (a) the Exchange’s hybrid trading platform that allows Market-Makers to submit electronic quotes in their appointed classes and (b) any connectivity to the foregoing trading platform that is administered by or on behalf of the Exchange, such as a communications hub.

### **TPH Department**

The term “TPH Department” means the department or division of the Exchange (which may be referred to by the Exchange from time to time by a name other than TPH Department) that has the functions set forth in the Rules for the TPH Department.

### **Trading Permit**

The term “Trading Permit” means a license issued by the Exchange that grants the holder or the holder’s nominee the right to access one or more of the facilities of the Exchange for the purpose of effecting transactions in securities traded on the Exchange without the services of another person acting as broker, and otherwise to access the facilities of the Exchange for purposes of trading or reporting transactions or transmitting orders or quotations in securities traded on the Exchange, or to engage in other activities that, under the Rules, may only be engaged in by Trading Permit Holders, provided that the holder or the holder’s nominee, as applicable, satisfies any applicable qualification requirements to exercise those rights. A Trading Permit conveys no ownership interest in the Exchange, is only be available through the Exchange, and is subject to the terms and conditions set forth in Rule 3.1.

### **Trading Permit Holder and TPH**

The terms “Trading Permit Holder” and “TPH” have the meaning set forth in the Bylaws.

**Trading Session**

The term “trading session” means the hours during which the Exchange is open for trading for Regular Trading Hours or Global Trading Hours, each as set forth in Rule 6.1.

**Transaction and Exchange Transaction**

The terms “transaction” and “Exchange transaction” mean a transaction involving an option contract effected on or through the Exchange or its facilities or systems.

**Trust Issued Receipt or TIR**

The terms “Trust Issued Receipt” and “TIR” mean a security that (a) is issued by a trust that holds specific securities deposited with the trust; (b) when aggregated in some specified minimum number, may be surrendered to the trust by the beneficial owner to receive the securities; and (c) pays beneficial owners dividends and other distributions on the deposited securities, if any are declared and paid to the trustee by an issuer of the deposited securities.

**Type of Option**

The term “type of option” means the classification of an option contract as either a put or a call.

**UIT Interest**

The term “UIT interest” means any share, unit, or other interest in or relating to a unit investment trust, including any component resulting from the subdivision or separation of the interest. Interests in unit investment trusts sponsored by SuperShare Services Corporation and known as SuperShares™ and SuperUnits™ are UIT interests. There are four types of SuperShares: Appreciation SuperShares™ Priority SuperShares™ Protection SuperShares™ and Income and Residual SuperShares™. There are two types of SuperUnits: Index Trust SuperUnits™ and Money Market Trust SuperUnits™. The terms SuperShare, SuperUnit, Appreciation SuperShare, Priority SuperShare, Protection SuperShare, Income and Residual SuperShare, Index Trust SuperUnit and Money Market Trust SuperUnit are trademarks of SuperShare Services Corporation.

**Uncovered**

The term “uncovered” in respect of a short position in an option contract means the short position is not covered.

**Underlying Security**

The term “underlying security,” with respect to an equity call (put) option contract, means the security that the Clearing Corporation must sell (purchase) upon the valid exercise of the option contract.

**Unit or ETF**

The terms “Unit” and “ETF” (Exchange-Traded Fund) mean shares or other securities traded on a national securities exchange and defined as an NMS stock as set forth in Rule 5.3, Interpretation and Policy .06.

**Unit of Trading**

The term “unit of trading” is defined in Rule 6.40.

**Voluntary Professional**

The term “Voluntary Professional” means any person or entity that is not a broker or dealer in securities that elects, in writing, to be treated in the same manner as a broker or dealer in securities for purposes of Rules 6.2, 6.8, 6.9, 6.25, 6.45 (except for Interpretation and Policy .02), 6.47, 6.53C(c)(ii), 6.53C(d)(v) and Interpretation and Policy .06(b) and (c), 6.74 (except Voluntary Professional orders may be considered public customer orders subject to facilitation under paragraphs (b) and (d)), 6.74A, 6.74B, 8.13, 8.15(d), 8.87, and 24.19, and for cancellation fee treatment.

**Web CRD**

The term “Web CRD” means the Central Registration Depository operated by FINRA.

[(a) Any term defined in the Bylaws and not otherwise defined in this Chapter shall have the meaning assigned to such term in the Bylaws.

**Bylaws**

(b) The term “Bylaws” means the Bylaws of the Exchange as the same may be amended from time to time.

**Rules**

(c) The term “Rules” means the Rules of the Exchange as the same may be in effect from time to time.

**Clearing Corporation**

(d) The term “Clearing Corporation” means The Options Clearing Corporation.

**Rules of the Clearing Corporation**

(e) The term “Rules of the Clearing Corporation” means the Certificate of Incorporation, the By-laws and the Rules of the Clearing Corporation, and all written interpretations thereof, as the same may be in effect from time to time.

**Clearing Trading Permit Holder**

(f) The term “Clearing Trading Permit Holder” means a Trading Permit Holder who has been admitted to membership in the Clearing Corporation pursuant to the provisions of the Rules of the Clearing Corporation.

**Federal Reserve Board**

(g) The term “Federal Reserve Board” means the Board of Governors of the Federal Reserve System.

**Executive Officer**

(h) The term “executive officer” of a TPH organization means the chairman of the board, president, executive vice-president, other vice-presidents engaged in the management of the TPH organization’s business pertaining to options, treasurer, secretary, and any other person who performs for a TPH organization functions corresponding to those performed by the foregoing officers.

**Principal Shareholder**

(i) The term “principal shareholder” means any person beneficially owning, directly or indirectly, equity securities representing 5% of the voting power in elections of directors, or 5% of the net worth, or a 5% participation in the net profits, of a corporation.

**Affiliate and Affiliated with**

(j) The term “affiliate” of or a person “affiliated with” another person means a person who, directly or indirectly, controls, is controlled by, or is under common control with, such other person.

**Control**

(k) The term “control” means the power to exercise a controlling influence over the management or policies of a person, unless such power is solely the result of an official position with such person. Any person who owns beneficially, directly or indirectly, more than 20% of the voting power in the election of directors of a corporation, or more than 25% of the voting power in the election of directors of any other corporation which directly or through one or more affiliates owns beneficially more than 25% of the voting power in the election of directors of such corporation, shall be presumed to control such corporation.

**Exchange Transaction**

(l) The term “Exchange transaction” means a transaction on the Exchange between Trading Permit Holders for the purchase or sale of an option contract or the purchase or sale of any other security admitted to trading on the Exchange, or for the closing out of a long or short position in an option contract.

**Option Contract**

(m) Except as otherwise provided, the term “option contract” means a put or a call issued, or subject to issuance, by the Clearing Corporation pursuant to the Rules of the Clearing Corporation.

**Put**

(n) The term “put” means an option contract under which the holder of the option has the right, in accordance with the terms and provisions of the option, to sell to the Clearing Corporation the number of shares of the underlying security covered by the option contract.

**Call**

(o) The term “call” means an option contract under which the holder of the option has the right, in accordance with the terms of the option, to purchase from the Clearing Corporation the number of shares of the underlying security covered by the option contract.

**Type of Option**

(p) The term “type of option” means the classification of an option contract as either a put or a call.

**Class of Options**

(q) The term “class of options” means all option contracts of the same type covering the same underlying security.

**Series of Options**

(r) The term “series of options” means all option contracts of the same class having the same exercise price and expiration date.

**Exercise Price**

(s) The term “exercise price” means the specified price per unit at which the underlying security may be purchased or sold upon the exercise of an option contract.

**Aggregate Exercise Price**

(t) The term “aggregate exercise price” means the exercise price of an option contract multiplied by the number of units of the underlying security covered by the option contract.

**Underlying Security**

(u) The term “underlying security” in respect of an option contract means the security which the Clearing Corporation shall be obligated to sell (in the case of a call option contract) or purchase (in the case of a put option contract) upon the valid exercise of the option contract.

### **Primary Market**

(v) The term “primary market” in respect of an underlying security means the principal market in which the underlying security is traded.

### **Long Position**

(w) The term “long position” means a person’s interest as the holder of one or more units of trading of a given option contract.

### **Short Position**

(x) The term “short position” means a person’s interest as the writer of one or more units of trading of a given option contract.

### **Covered**

(y) The term “covered” in respect of a short position in a call option contract means that the writer’s obligation is secured by a “specific deposit” or an “escrow deposit” meeting the conditions of Rule 610(f) or 610(h), respectively, of the Rules of the Clearing Corporation, or the writer holds in the same account as the short position, on a share-for-share basis, a long position either in the underlying security or in an option contract of the same class of options where the exercise price of the option contract in such long position is equal to or less than the exercise price of the option contract in such short position. The term “covered” in respect of a short position in a put option contract means that the writer holds in the same account as the short position, on a share-for-share basis, a long position in an option contract of the same class of options where the exercise price of the option contract in such long position is equal to or greater than the exercise price of the option contract in such short position.

### **Uncovered**

(z) The term “uncovered” in respect of a short position in an option contract means that the short position is not covered.

### **Opening Purchase Transaction**

(aa) The term “opening purchase transaction” means an Exchange transaction which will create or increase a long position in an option contract.

### **Opening Writing Transaction**



(bb) The term “opening writing transaction” means an Exchange transaction which will create or increase a short position in an option contract.

**Closing Purchase Transaction**

(cc) The term “closing purchase transaction” means an Exchange transaction which will reduce or eliminate a short position in an option contract.

**Closing Writing Transaction**

(dd) The term “closing writing transaction” means an Exchange transaction which will reduce or eliminate a long position in an option contract.

**Outstanding**

(ee) The term “outstanding” in respect of an option contract means an option contract which has been issued by the Clearing Corporation and has neither been the subject of a closing writing transaction nor has reached its expiration date.

**Person**

(ff) The term “Person” means an individual, partnership (general or limited), joint stock company, corporation, limited liability company, trust or unincorporated organization, or any governmental entity or agency or political subdivision thereof.

**Trading Permit Holder**

(gg) The term “Trading Permit Holder” shall have the meaning given to that term in Section 1.1 of the Bylaws.

**Government Securities Options Permit Holder**

(hh) Deleted August 18, 2000 (99-15).

**Stock-Option Order**

(ii) A stock-option order is an order to buy or sell a stated number of units of an underlying or a related security coupled with either (a) the purchase or sale of option contract(s) on the opposite side of the market representing either the same number of units of the underlying or related security or the number of units of the underlying security necessary to create a delta neutral position or (b) the purchase or sale of an equal number of put and call option contracts, each having the same exercise price, expiration date and each representing the same number of units of stock as, and on the opposite side of the market from, the underlying or related security portion of the order.

**Good Standing**

(jj) The term “good standing” means that a Trading Permit Holder or associated person is not delinquent respecting Exchange fees or other charges and is not suspended or barred from being a Trading Permit Holder or from being associated with a Trading Permit Holder.

(kk) Reserved.

### **Inter-regulatory Spread Order**

(ll) An inter-regulatory spread order is an order involving the simultaneous purchase and/or sale of at least one unit in contracts each of which is subject to different regulatory jurisdictions at stated limits, or at a stated differential, or at market prices on the floor of the Exchange.

### **Exchange Act**

(mm) The term “Exchange Act” or “Act” means the Securities Exchange Act of 1934, as amended.

### **Designated Primary Market-Maker, DPM**

(nn) The terms “Designated Primary Market-Maker” and “DPM” mean a Designated Primary Market-Maker as described in Rule 8.80.

(oo) Reserved.

### **Nominee**

(pp) The term “nominee” means an individual who is authorized by a TPH organization, in accordance with Rule 3.8, to represent such TPH organization in all matters relating to the Exchange.

### **Associated Person or Person Associated with a Trading Permit Holder**

(qq) The term “associated person” or “person associated with a Trading Permit Holder” means any partner, officer, director, or branch manager of a Trading Permit Holder (or any person occupying a similar status or performing similar functions), any person directly or indirectly controlling, controlled by, or under common control with a Trading Permit Holder, or any employee of a Trading Permit Holder.

### **UIT Interest**

(rr) The term “UIT interest” means any share, unit, or other interest in or relating to a unit investment trust, including any component resulting from the subdivision or separation of such an interest.

(ss) Reserved

(tt) Reserved

### **European-style Option**

(uu) The term “European-style option” means an option contract that, subject to the provisions of Rule 11.1 (relating to the cutoff time for exercise instructions) and to the Rules of the Clearing Corporation, can be exercised only on its expiration date.

### **American-style Option**

(vv) The term “American-style option” means an option contract that, subject to the provisions of Rule 11.1 (relating to the cutoff time for exercise instructions) and to the Rules of the Clearing Corporation, can be exercised on any business day prior to its expiration date and on its expiration date.

### **Capped-style Option**

(ww) The term “capped-style option” means an option contract that is automatically exercised when the cap price is reached. If this does not occur prior to expiration, it can be exercised, subject to the provisions of Rule 11.1 (relating to the cutoff time for exercise instructions) and to the Rules of the Clearing Corporation, only on its expiration date. CAPS TM refers to capped- style options traded on the Exchange.

### **Foreign Broker-Dealer**

(xx) The term “foreign broker-dealer” means any person or entity that is registered, authorized or licensed by a foreign governmental agency or foreign regulatory organization (or is required to be so registered, authorized or licensed) to perform the function of a broker or dealer in securities, or both. For the purposes of this definition, the terms “broker” and “dealer” have the same meaning as provided in Section 3(a)(4) and 3(a)(5) of the Exchange Act, except that a “broker” or “dealer” may be a bank.

### **Minimum Increment**

(yy) The term “minimum increment” means the minimum increment for which bids and offers may be expressed as established pursuant to Rule 6.42 generally.

### **Security Future-Option Order**

(zz) A security future-option order, which shall be deemed a type of Inter-regulatory Spread Order as that term is defined in Rule 1.1(l), is an order to buy or sell a stated number of units of a security future or a related security convertible into a security future (“convertible security future”) coupled with either (a) the purchase or sale of option contract(s) on the opposite side of the market representing either the same number of the underlying for the security future or convertible security future or the number of units of the underlying for the security future or convertible security future necessary to create a delta neutral position or (b) the purchase or sale of an equal number of put and call option contracts, each having the same exercise price, expiration date and each representing the

same number of the underlying for the security future or convertible security future, as and on the opposite side of the market from, the underlying for the security future or convertible security future portion of the order.

### **Hybrid Trading System**

(aaa) “Hybrid Trading System” refers to (i) the Exchange’s trading platform that allows Market- Makers to submit electronic quotes in their appointed classes and (ii) any connectivity to the foregoing trading platform that is administered by or on behalf of the Exchange, such as a communications hub. “Hybrid 3.0 Platform” is an electronic trading platform on the Hybrid Trading System that allows one or more quoters to submit electronic quotes which represent the aggregate Market-Maker quoting interest in a series for the trading crowd. Classes authorized by the Exchange for trading on the Hybrid Trading System shall be referred to as Hybrid classes. Classes authorized by the Exchange for trading on the Hybrid 3.0 Platform shall be referred to as Hybrid 3.0 classes. References to “Hybrid,” “Hybrid System,” or “Hybrid Trading System” in the Exchange’s Rules shall include all platforms unless otherwise provided by rule.

### **Short Term Option**

(bbb) Short Term Option Series. A Short Term Option Series is a series in an option class that is approved for listing and trading on the Exchange in which the series is opened for trading pursuant to the Short Term Option Series Program provisions of Rule 5.5(d).

### **Continuous Electronic Quotes**

(ccc) With respect to a Market-Maker who is obligated to provide continuous electronic quotes on the Hybrid Trading System (“Hybrid Market-Maker”), the Hybrid Market-Maker shall be deemed to have provided “continuous electronic quotes” if the Hybrid Market-Maker provides electronic two-sided quotes for 90% of the time that the Hybrid Market-Maker is required to provide electronic quotes in an appointed option class on a given trading day during the applicable trading session. Compliance with this quoting obligation applies to all of a Hybrid Market-Maker’s appointed classes collectively (with respect to each Market-Maker type as the Hybrid Market-Maker is approved to act). The Exchange will determine compliance by a Hybrid Market-Maker with this quoting obligation on a monthly basis. However, determining compliance with this obligation on a monthly basis does not relieve a Hybrid Market-Maker from meeting this obligation on a daily basis, nor does it prohibit the Exchange from taking disciplinary action against a Hybrid Market-Maker for failing to meet this obligation each trading day. Hybrid Market-Maker continuous electronic quoting obligations may be satisfied by Market-Makers either individually or collectively with Market-Makers of the same TPH organization.

If a technical failure or limitation of a system of the Exchange prevents the Hybrid Market- Maker from maintaining, or prevents the Hybrid Market-Maker from communicating to the Exchange, timely and accurate electronic quotes in a class, the

duration of such failure shall not be considered in determining whether the Hybrid Market-Maker has satisfied the 90% quoting standard with respect to that option class. The Exchange may consider other exceptions to this continuous electronic quote obligation based on demonstrated legal or regulatory requirements or other mitigating circumstances.

### **Quarterly Options Series**

(ddd) Quarterly Option Series. A Quarterly Option Series is a series in an options class that is approved for listing and trading on the Exchange in which the series is opened for trading on any business day and that expires at the close of business on the last business day of a calendar quarter.

### **Floor Official**

(eee) The term “Floor Official” means an individual appointed by the Exchange who is granted certain duties and authorities under the Rules with respect to trading issues and market actions.

### **Voluntary Professional**

(fff) The term “Voluntary Professional” means any person or entity that is not a broker or dealer in securities that elects, in writing, to be treated in the same manner as a broker or dealer in securities for purposes of Rules 6.2, 6.8, 6.9, 6.13A, 6.25, 6.45 (except for Interpretation and Policy .02), 6.47, 6.53C(c)(ii), 6.53C(d)(v), subparagraphs (b) and (c) under Interpretation and Policy .06 to Rule 6.53C, 6.74 (except Voluntary Professional orders may be considered public customer orders subject to facilitation under paragraphs (b) and (d)), 6.74A, 6.74B, 8.13, 8.15(d), 8.87, and 24.19, and for cancellation fee treatment. The Voluntary Professional designation is not available in Hybrid 3.0 classes.

### **Professional**

(ggg) The term “Professional” means any person or entity that (i) is not a broker or dealer in securities, and (ii) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). A Professional will be treated in the same manner as a broker or dealer in securities for purposes of Rules 6.2, 6.8, 6.9, 6.13A, 6.25, 6.45 (except for Interpretation and Policy .02), 6.47, 6.53C(c)(ii), 6.53C(d)(v), subparagraphs (b) and (c) under Interpretation and Policy .06 to Rule 6.53C, 6.74 (except Professional orders may be considered public customer orders subject to facilitation under paragraphs (b) and (d)), 6.74A, 6.74B, 8.13, 8.15(d), 8.87, and 24.19. The Professional designation is not available in Hybrid 3.0 classes. All Professional orders shall be marked with the appropriate origin code as determined by the Exchange.

### **Trading Permit**

(hhh) The term “Trading Permit” means a license issued by the Exchange that grants the holder or the holder’s nominee the right to access one or more of the facilities of the

Exchange for the purpose of effecting transactions in securities traded on the Exchange without the services of another person acting as broker, and otherwise to access the facilities of the Exchange for purposes of trading or reporting transactions or transmitting orders or quotations in securities traded on the Exchange, or to engage in other activities that, under the Rules, may only be engaged in by Trading Permit Holders, provided that the holder or the holder's nominee, as applicable, satisfies any applicable qualification requirements to exercise those rights. A Trading Permit shall not convey any ownership interest in the Exchange, shall only be available through the Exchange, and shall be subject to the terms and conditions set forth in Rule 3.1.

### **Restructuring Transaction**

(iii) The term "Restructuring Transaction" means the restructuring of the Exchange from a non- stock corporation to a stock corporation and wholly-owned subsidiary of Cboe Global Markets, Inc.

### **TPH Department**

(jjj) The term "TPH Department" shall refer to the department or division of the Exchange (which may be referred to by the Exchange from time to time by a name other than the TPH Department) that has the functions set forth in the Rules for the TPH Department.

### **Proprietary Trading Permit Holder**

(kkk) A Trading Permit Holder with electronic access to the Exchange to submit proprietary orders that are not market-maker orders.

### **Adjusted Option Series**

(lll) The term "adjusted option series" means an option series wherein, as a result of a corporate action by the issuer of the underlying security, one option contract in the series represents the delivery of other than 100 shares of underlying stock or Units.

### **Expiration Date**

(mmm) Unless separately defined elsewhere in these Rules, the term "expiration date" means:

(i) in the case of such an option expiring prior to February 1, 2015, the Saturday immediately following the third Friday of the expiration month of such option contract; and

(ii) in the case of such an option expiring on or after February 1, 2015, the third Friday of the expiration month of such option contract, or if such Friday is a day on which the Exchange on which such option is listed is not open for business, the preceding day on which such Exchange is open for business. Notwithstanding the foregoing, in the case of certain options expiring on or after February 1, 2015 that

the Clearing Corporation has designated as grandfathered, the term “expiration date” shall mean the Saturday immediately following the third Friday of the expiration month.

**API**

(nnn) The term “Application Programming Interface” or “API” means the computer interface that allows market participants with authorized access to interface electronically with the Exchange.

**Order**

(ooo) The term “order” means a firm commitment to buy or sell option contracts.

**Quote**

(ppp) The term “quote” or “quotation” means a bid or offer entered by a Market-Maker that is firm and that updates the Market-Maker’s previous quote, if any. Electronic quotes may be updated in block quantities.

**OCC Cleared OTC Option Contract**

(qqq) The term “OCC cleared OTC option contract” means an over-the-counter option contract that is issued and guaranteed by the Clearing Corporation. Except as otherwise provided, an OCC cleared OTC option contract is not an “options contract” as defined in the Rules.

**Book**

(rrr) The term “Book” (also referred to as “book,” “electronic book,” and “EBook” in the Rules) means the electronic book of buy and sell orders and quotes maintained by the Hybrid Trading System. “Book” will refer to the Book used during Regular Trading Hours or Global Trading Hours, as applicable.

**Regular Trading Hours**

(sss) “Regular Trading Hours” are the hours during which the Exchange will be open for trading as set forth in Rule 6.1 and may be referred to as a “trading session” in the Rules.

**Global Trading Hours**

(ttt) “Global Trading Hours” are the hours outside of Regular Trading Hours during which the Exchange may be open for trading as set forth in Rule 6.1 and may be referred to as a “trading session” in the Rules.

**Business Days or Trading Days**

(uuu) “Business days” or “trading days” of the Exchange are the days the Exchange will be open for trading during Regular Trading Hours. A “business day” or “trading day” includes the Regular Trading Hours and Global Trading Hours on that day. If the Exchange is not open for Regular Trading Hours on a day, then it will not be open for Global Trading Hours on that day.

### **Broker-Dealer Order**

(vvv) A “broker-dealer order” is an order for an account in which a Trading Permit Holder, a non- Trading Permit Holder broker or dealer in securities (including a foreign broker-dealer), a joint venture with a Trading Permit Holder and non-Trading Permit Holder participants, or, in Hybrid classes for purposes of the Rules listed in paragraphs (fff) and (ggg) of this Rule 1.1, a Voluntary Professional or Professional has an interest.

### **In-Crowd Market Participant**

(www) The term “in-crowd market participant” or “ICMP” means an in-crowd Market-Maker, an on-floor DPM or LMM with an allocation or appointment, respectively, in the class, or a floor broker or PAR Official representing orders in the trading crowd.

### **Priority Customer**

(xxx) In Hybrid classes, a “priority customer” means a person or entity that is a public customer and is not a Professional or Voluntary Professional. In Hybrid 3.0 classes, a “priority customer” means a person or entity that is a public customer.

### **Priority Customer Order**

(yyy) A “priority customer order” is an order for the account of a priority customer.

### **Public Customer**

(zzz) A “public customer” means a person or entity that is not a broker or dealer in securities.

### **Public Customer Order**

(aaaa) A “public customer order” is an order for the account of a public customer.

### **National Spread Market**

(bbbb) “National spread market” is the derived net market based on the NBBOs in the individual series legs comprising a complex order and, if a stock-option order, the NBBO of the stock leg.

### **Exchange Spread Market**



(cccc) “Exchange spread market” is the derived net market based on the BBOs in the individual series legs comprising a complex order and, if a stock-option order, the NBBO of the stock leg.]

***... Interpretations and Policies:***

.01 [Interests in unit investment trusts sponsored by SuperShare Services Corporation and known as SuperShares™ and SuperUnits™ are “UIT interests” within the meaning of the Rules of the Exchange. There are four types of SuperShares: Appreciation SuperShares™, Priority SuperShares™, Protection SuperShares™ and Income and Residual SuperShares™. There are two types of SuperUnits: Index Trust SuperUnits™ and Money Market Trust SuperUnits™. The terms SuperShare, SuperUnit, Appreciation SuperShare, Priority SuperShare, Protection SuperShare, Income and Residual SuperShare, Index Trust SuperUnit and Money Market Trust SuperUnit are trademarks of SuperShare Services Corporation.

.02 The term index portfolio receipts or “IPRs” means securities that (a) represent an interest in a unit investment trust (“Trust”) which holds the securities that comprise an index on which a series of IPRs is based; (b) are issued by the Trust in a specified aggregate minimum number in return for a “Portfolio Deposit” consisting of specified numbers of shares of stock plus a cash amount; (c) when aggregated in the same specified minimum number, may be redeemed from the Trust which will pay to the redeeming holder the stock and cash then comprising the Portfolio Deposit; and (d) pay holders a periodic cash payment corresponding to the regular cash dividends or distributions declared and paid with respect to the component securities of the stock index on which the IPRs are based, less certain expenses and other charges as set forth in the Trust prospectus. IPRs are “UIT interests” within the meaning of the Rules of the Exchange.

.03 The term “Index Portfolio Shares” or IPSs means securities that (a) are issued by an open- end management investment company based on a portfolio of stocks or fixed income securities designed to provide investment results that correspond generally to the price and yield performance of a specified foreign or domestic stock index or fixed income securities index; (b) are issued by such an open-end management investment company in a specified aggregate minimum number in return for a deposit of specified number of shares of stock and/or a cash amount, or a specified portfolio of fixed income securities and/or a cash amount, with a value equal to the next determined net asset value; and (c) when aggregated in the same specified minimum number, may be redeemed at a holder’s request by such open-end management investment company which will pay to the redeeming holder stock and/or cash, or a specified portfolio of fixed income securities and/or cash with a value equal to the next determined net asset value.

.04 The term “Trust Issued Receipt” means a security (a) that is issued by a trust (“Trust”) which holds specific securities deposited with the Trust; (b) that, when aggregated in some specified minimum number, may be surrendered to the Trust by the beneficial owner to receive the securities; and (c) that pays beneficial owners dividends and other distributions on the deposited securities, if any are declared and paid to the trustee by an issuer of the deposited securities.

.05 The term Index-Linked Exchangeable Note means an exchangeable debt security that is exchangeable at the option of the holder (subject to the requirement that the holder in most circumstances exchange a specified minimum amount of notes), on call by the issuer, or at maturity for a cash amount based on the reported market prices of the underlying stocks of an underlying index.

.06 ] Except as noted below, each order of any order type counts as one order for Professional order counting purposes.

(a) – (c) No change.

## Rule 1.2. Exchange Determinations

The Exchange announces to Trading Permit Holders all determinations it makes pursuant to the Rules via (a) specifications, Notices, or Regulatory Circulars with appropriate advanced notice, which will be posted on the Exchange’s website, (b) electronic message, or (c) other communication method as provided in the Rules. To the extent the Rules provide the Exchange will announce a determination via Regulatory Circular, the Exchange may announce such determination via Notice.

## **CHAPTER II. FEES AND OTHER CHARGES[ORGANIZATION AND ADMINISTRATION]**

### **[Part A—Committees (Rule 2.1)]**

#### **Rule 2.1. Committees of the Exchange**

(a) Establishment of Exchange Committees. In addition to committees specifically provided for in the Bylaws and the Rules, there shall be the following committees that are not solely composed of directors from the Board of Directors of the Exchange (“Exchange committees”): Appeals, Arbitration, Business Conduct, and such other Exchange committees as may be established in accordance with the Bylaws and Rules. The Chief Executive Officer or his or her designee, with the approval of the Board, shall appoint the chairmen, vice chairmen (if any), and members of all Exchange committees except for the Business Conduct Committee, as well as fill any vacancies on those committees, unless a different manner of appointment is provided for any Exchange committee under the Bylaws, the Rules or a resolution of the Board establishing that committee. The Nominating and Governance Committee, with the approval of the Board, shall appoint the chairman, vice chairman (if any), and members of the Business Conduct Committee, as well as fill any vacancies on the Business Conduct Committee. The term of an Exchange committee member’s appointment shall continue until the first regular meeting of the Board of Directors of the next calendar year and until that committee member’s successor is appointed or that committee member’s earlier death, resignation or removal. In selecting Exchange committee members, consideration shall be given to continuity and to having, where appropriate, a cross section of the Trading Permit Holders represented on each Exchange committee. Except as may be otherwise provided in the Bylaws or the Rules, the Chief Executive Officer or his or her designee, with the approval of the Board, may, at any

time, with or without cause, remove any member of any Exchange committee, except for the Business Conduct Committee. The Board, may, at any time, with or without cause, remove any member of the Business Conduct Committee.

(b) Committee Procedures. Except as otherwise provided in the Bylaws, the Rules or a resolution of the Board, each committee shall determine its own time and manner of conducting its meetings, and the vote of a majority of the members of a committee voting at a meeting at which a quorum is present shall be the act of the committee. Absent a different provision in the Bylaws, the Rules, a committee charter or a Board resolution related to a specific committee, a majority of members of a committee shall constitute a quorum. Committees may act by written consent of all of the members of the committee.

(c) Interested Persons. No member of a committee shall participate in the adjudication of any matter in which he is personally interested, although his presence at a meeting at which such matter is considered shall count toward the quorum requirements for the meeting.

(d) Duties and Powers of Committees. In addition to any powers and duties specifically granted in the Bylaws or Rules, each committee shall have such other powers and duties as may be delegated to it by the Board of Directors in a committee charter or otherwise.

(e) Control and Supervision of Exchange Committees. Each Exchange committee is subject to the control and supervision of the Board of Directors.

## **Part B—Board Review (Rule 2.2)**

### **Rule 2.2. Power of the Board to Review Exchange Decisions**

Any and all actions (or inactions) of any committee, officer, representative or designee of the Exchange taken (or not taken) pursuant to the Rules may be reviewed, modified, suspended or overruled by the Board of Directors; provided, however, that the Board shall act in accordance with any review procedures set forth in Chapters XVII, XVIII and XIX of the Rules, to the extent applicable to actions (or inactions) under those Chapters.

## **Part C—Departments (Rule 2.15)**

### **Rule 2.15. Divisions of Exchange**

The divisions of the Exchange shall include any such divisions as the Chief Executive Officer, with the approval of the Board, may establish. The Chief Executive Officer shall appoint a head of every division, provided that the Chief Executive Officer shall be the head of the Executive Division. Any official action taken by the Chief Executive Officer or the President shall, for purposes of the hearing and review provided for in Chapter XIX, be deemed to be action of the Executive Division.

## **Part D—Fees and Other Charges (Rules 2.20-2.40)**

### **Rule 2.[20]1. Trading Permit Holder Fees and Charges**

The Exchange [shall from time to time] ~~fixes, from time to time,~~ [the] fees and charges payable by Trading Permit Holders, ~~which~~ [E] except as otherwise provided[ in respect of particular fees and charges, all such fees and charges shall be] are due and payable in full [in advance] on the first day of each month on a nonrefundable basis and [shall be] applied to the month beginning on that day. The Exchange may, on the request of a Trading Permit Holder who is serving on active duty in the U.S. Armed Forces[ of the United States], waive any fees and charges during the period of such service.

[Rule 2.21. Reserved

Reserved.

#### Rule 2.22. Other Fees or Charges

In addition to the fees and charges provided for by Rule 2.20 of this Chapter, the Exchange may, from time to time, fix and impose other fees or charges to be paid to the Exchange or to an organization designated by the Exchange by Trading Permit Holders or by categories of Trading Permit Holders with respect to applications, registrations, approvals, use of Exchange facilities, or other services or privileges granted.]

#### Rule 2.2[3]. Liability for Payment

(a) With regard to a Trading Permit Holder or associated person that does not pay any fees, charges, fines or other amounts due to the Exchange within 30 days after the same has become due and payable, the Exchange may, after giving reasonable notice to the Trading Permit Holder or associated person of such arrearages, suspend the Trading Permit Holder or associated person from being a Trading Permit Holder, being associated with any Trading Permit Holder, or both until payment is made. Should payment not be made by a Trading Permit Holder within [6]~~six~~ months after payment is due, any Trading Permit held by that Trading Permit Holder may be revoked by the Exchange.

(b) With regard to a former Trading Permit Holder or associated person that does not pay any fees, charges, fines or other amounts due to the Exchange within 30 days after the same has become payable, the Exchange may, after giving reasonable notice to the former Trading Permit Holder or associated person of such arrearages, bar the former Trading Permit Holder or associated person from becoming a Trading Permit Holder, an associated person, or both until payment is made.

#### ***[ . . . Interpretations and Policies:***

.01](c) Reasonable notice under this Rule [2.23 shall] includes, but is not limited to, service on a Trading Permit Holder's or associated person's address as it appears on the books and records of the Exchange either by (1) hand delivery or (2) deposit in the [United States]U.S. post office, postage prepaid via registered or certified mail.

[.02](d) The Exchange [shall] reports to Web CRD[the Central Registration Depository operated by the National Association of Securities Dealers, Inc. (“CRD”)] any suspension or bar imposed pursuant to this Rule.

#### Rule 2.[24]3. Exchange’s Costs of Defending Legal Proceedings

Any Trading Permit Holder or person associated with a Trading Permit Holder who fails to prevail in a lawsuit or other legal proceeding instituted by such person against the Exchange or any of its directors, officers, committee members, other officials, employees, contractors, or agents, or any subsidiaries or affiliates of the Exchange or any of their directors, officers, committee members, other officials, employees, contractors, or agents, and related to the business of the Exchange, [shall]must pay to the Exchange all reasonable expenses, including attorneys’ fees, incurred by the Exchange in the defense of such proceeding, but only in the event that such expenses exceed [Fifty Thousand Dollars (\$50,000[.00])]. This provision [shall]does not apply to disciplinary actions by the Exchange, to administrative appeals of Exchange actions, or in any specific instance where the [Board]Exchange has granted a waiver of this provision.

[Rule 2.25.     Reserved

Reserved.

Rule 2.26.     Deleted

Rule 2.27.     Reserved

Reserved.

Rule 2.28.     Reserved

Reserved.

Rule 2.29.     Reserved

Reserved.

Rule 2.30. Reserved

Reserved.

#### **Part E—SRO Subsidiary Responsibilities**

Rule 2.50.     Reserved]

#### Rule 2.[51]4. Regulatory Revenues

[A]The Exchange may not use any revenues it receives[d by the Exchange] from fees derived from its regulatory function or regulatory fines [will not be used] for non-regulatory

purposes, but rather[, shall be applied] must use them to fund the legal and regulatory operations of the Exchange (including surveillance and enforcement activities), or, as the case may be, [shall be used] to pay restitution and disgorgement of funds intended for customers (except in the event of liquidation of the Exchange, in which case Cboe Global Markets, Inc. will be entitled to the distribution of the remaining assets of the Exchange).

\* \* \* \* \*

### Rule 3.1. Trading Permits

#### (a) General

(i) – (iv) No change.

(v) Fees and Charges for Trading Permits. Trading Permits shall be subject to such fees and charges as are established by the Exchange from time to time pursuant to Rule 2.[20]1 and the Exchange Fee Schedule. The entire fee for a Trading Permit shall be due and payable in accordance with the Exchange Fee Schedule. A TPH organization holding a Trading Permit shall be responsible for paying all fees and charges for that Trading Permit. An individual holding a Trading Permit shall be responsible for paying all fees and charges for that Trading Permit.

(vi) Limiting or Reducing the Number of Types of Trading Permits. The Exchange shall have the authority to limit or reduce the number of any type of Trading Permit it has determined to issue. The Exchange shall announce any limitation or reduction it imposes pursuant to this subparagraph. In the event the Exchange imposes such a limitation or reduction, the Exchange may not eliminate or reduce the ability to trade one or more product(s) of a person currently trading such product(s), and may not eliminate or reduce the ability to act in one or more trading function(s) of a person currently acting in such trading function(s), unless the Exchange is permitted to do so pursuant to a rule filing submitted to the [Securities and Exchange] Commission [(“Commission”)] under Section 19(b) of the Exchange Act. In no event shall the Exchange act in a manner under this subparagraph that does not comply with the provisions of Section 6(c)(4) of the Exchange Act.

(vii) – (ix) No change.

#### (b) Applications for and Issuance of Trading Permits

(i) No change.

(ii) Waiting List. The Exchange in its discretion either may maintain a waiting list for a type of Trading Permit, or may not accept applications for that type of Trading Permit until such time as the Exchange determines to accept applications for that type of Trading Permit pursuant to subparagraph (b)(iii) of this Rule 3.1.

Such a waiting list shall be used only to issue Trading Permits pursuant to the Order in Time Process set forth in subparagraph (b) (iii)(B) of this Rule 3.1. [Any Exchange decision regarding whether to maintain a waiting list under this subparagraph shall not control whether a waiting list is maintained pursuant to Rule 8.3A.] In the event the Exchange maintains a waiting list under this subparagraph, the Exchange shall place Qualified Persons on that waiting list based on the order in time that such persons submitted applications pursuant to subparagraph (b)(i) of this Rule 3.1, and such persons may at any time voluntarily withdraw from that waiting list. A person on the waiting list may submit a notification to the Exchange to adjust the number of Trading Permits that such person would like to receive at any time prior to an announcement of an issuance of such Trading Permits.

\* \* \* \* \*

### Rule 3.2. Qualifications of Individual Trading Permit Holders

(a) No change.

(b) The individual must be approved to engage in one or more of the following trading functions authorized for individual Trading Permit Holders under the Rules:

- (i) Market-Maker[ (Rule 8.2)];
- (ii) Floor Broker[ (Rule 6.71)];
- (iii) Proprietary Trading Permit Holder[ (Rule 1.1(kkk))];
- (iv) DPM Designee[ (Rule 8.81)];
- (v) FLEX Appointed Market-Maker [(Rule 24A.9)]; and
- (vi) FLEX Qualified Market-Maker [(Rule 24A.9)].

### Rule 3.3. Qualifications of TPH Organizations

(a) No change.

(b) An organization also must be approved to engage in one or more of the following trading functions authorized for TPH organizations under the Rules: (i) TPH organization approved to transact business with the public [(Rule 9.1)]; (ii) Clearing Trading Permit Holder; (iii) order service firm[ (Rule 6.77)]; (iv) Market-Maker[ (Rule 8.1)]; (v) Lead Market-Maker[ (Rule 8.15)]; (vi) Designated Primary Market-Maker[ (Rule 8.83)]; and (vii) Proprietary Trading Permit Holder[ (Rule 1.1(kkk))].

\* \* \* \* \*

Rule 3.6A. Qualification and Registration of Trading Permit Holders and Associated Persons

(a) No change.

(b) Financial/Operations Principal. Each Trading Permit Holder or TPH organization subject to Exchange Act Rule 15c3-1 shall designate a Financial/Operations Principal. The duties of a Financial/Operations Principal shall include taking appropriate actions to assure that the Trading Permit Holder or TPH organization complies with applicable financial and operational requirements under the Rules and the Exchange Act, including but not limited to those requirements relating to the submission of financial reports and the maintenance of books and records. Each Financial/Operations Principal is required to have successfully completed the Financial and Operations Principal Examination (Series 27 Exam). Each Financial/Operations Principal designated by a Trading Permit Holder or TPH organization shall be registered in that capacity with the Exchange as prescribed by the Exchange. A Financial/Operations Principal of a Trading Permit Holder or TPH organization may be a full-time employee, a part-time employee or independent contractor of the Trading Permit Holder or TPH organization. Trading Permit Holders and TPH organizations for which the Exchange is the [Designated Examining Authority (“DEA”)]DEA must provide prompt written notice to the Exchange for each person designated as a Financial/Operations Principal reporting whether such person is a full-time employee, part-time employee, independent contractor, or has any outside business affiliations.

(c) – (e) No change.

***... Interpretations and Policies:***

.01 Each individual required to register under this Rule shall electronically file a Uniform Application for Securities Industry Registration (“Form U-4”) through [the Central Registration Depository system operated by the Financial Industry Regulatory Authority, Incorporated (“Web CRD”)]Web CRD.

.02 – .07 No change.

.08 (a) An individual Trading Permit Holder or individual associated person who:

(1) is engaged in proprietary trading, market-making and/or effecting transactions on behalf of a broker-dealer is required to register and qualify as a Securities Trader (TD) in Web\_CRD and pass the SIE;

(2)

(i) – (ii) No change.

(iii) is an officer, partner or director of a Trading Permit Holder or TPH organization is required to register and qualify as a Securities Trader



Principal (TP) in Web\_CRD and satisfy the prerequisite registration and qualification requirements; and

(3) is a Chief Compliance Officer (or performs similar functions) for a Trading Permit Holder or TPH organization that engages in proprietary trading, market-making or effecting transactions on behalf of a broker-dealer is required to register and qualify as a Securities Trader Compliance Officer (CT) in Web\_CRD and satisfy the prerequisite registration and qualification requirements.

(b) The following sets forth the qualification requirements for each of the required registration categories described in paragraph (a) to Interpretation and Policy .08:

\* \* \* \* \*

\*Because the Series 23 is not available in Web\_CRD, each applicant must provide documentation of a valid Series 23 license to the Registration Services Department upon request for the Series 24 registration in Web\_CRD.

\* \* \* \* \*

.10 An individual Trading Permit Holder or individual associated person who is required to register pursuant to Rule 3.6A must satisfy all registration and qualification requirements in Web\_CRD prior to acting in such registered capacity on behalf of a Trading Permit Holder or TPH organization.

\* \* \* \* \*

#### Rule 3.9. Application Procedures and Approval or Disapproval

(a) – (j) No change.

#### *... Interpretations and Policies:*

.01 No change.

.02 For purposes of this rule, “Exchange trading floor capacity” means any person who is acting on behalf of the Exchange in an Exchange trading floor capacity, such as a PAR Official[, Order Book Official,] or other similar function.

\* \* \* \* \*

#### Rule 4.11. Position Limits

No change.

#### *... Interpretations and Policies:*

.01 The following examples, using the 25,000 option contract limit, illustrate the operation of position limits established by Rule 4.11:

(a) Customer A, who is long 25,000 XYZ calls, may at the same time be short 25,000 XYZ calls, since long call and short call positions in the same class of options [(i.e., in calls only, or in puts only)] are on opposite sides of the market and are not aggregated for purposes of Rule 4.11.

\* \* \* \* \*

### Rule 5.3. Criteria for Underlying Securities

(a) Underlying securities in respect of which put or call option contracts are approved for listing and trading on the Exchange must meet the following criteria:

(1) the security must be duly registered and be an ["NMS stock"] as defined in Rule 600 of Regulation NMS of the Securities Exchange Act of 1934]; and

(2) No change.

(b) In addition, the [Board of Directors]Exchange shall from time to time establish guidelines to be considered by the Exchange in evaluating potential underlying securities for Exchange option transactions. There are, however, many relevant factors which must be considered in arriving at such a determination. The fact that a particular security may meet the guidelines established by the [Board]Exchange does not necessarily mean that it will be approved as an underlying security. Further, in exceptional circumstances an underlying security may be approved by the Exchange even though it does not meet all of the guidelines. The Exchange may also give consideration to maintaining diversity among various industries and issuers in selecting underlying securities.

### ***. . . Interpretations and Policies:***

.01 The [Board of Directors]Exchange has established guidelines to be considered by the Exchange in evaluating potential underlying securities for Exchange option transactions. Absent exceptional circumstances with respect to [P]paragraphs (a)(1) or (2), or (b)(1) or (2) listed below, at the time the Exchange selects an underlying security for Exchange option transactions, the following guidelines with respect to the issuer shall be met.

(a) Guidelines applicable to the issuer of the security are:

(1) There are a minimum of 7,000,000 shares of the underlying security which are owned by persons other than those required to report their stock holdings under Section 16(a) of the [Securities] Exchange Act[ of 1934].

(2) No change.

(3) The issuer is in compliance with any applicable requirements of the [Securities] Exchange Act[ of 1934].

(b) Guidelines applicable to the market for the security are:

(1) No change.

(2)

(A) If the underlying security is a “covered security” as defined under Section 18(b)(1)(A) of the Securities Act of 1933, the market price per share of the underlying security has been at least \$3.00 for the previous three consecutive business days preceding the date on which the Exchange submits a certificate to the [Options Clearing Corporation]OCC for listing and trading. For purposes of this Interpretation .01(b)(2)(A), the market price of such underlying security is measured by the closing price reported in the primary market in which the underlying security is traded.

\* \* \* \* \*

.06 (A) Securities deemed appropriate for options trading [shall] include [shares or other securities (“Units”) that are traded on a national securities exchange and are defined as an “NMS stock” under Rule 600 of Regulation NMS, and]Units that:

\* \* \* \* \*

.07 Securities deemed appropriate for options trading [shall] include [shares or other securities (“Trust Issued Receipts”)]Trust Issued Receipts [that are principally traded on a national securities exchange or through the facilities of a national securities association and reported as a national market security, and that represent ownership of the specific deposited securities held by a trust], provided:

\* \* \* \* \*

.11 Securities deemed appropriate for options trading shall include a Credit Option for which the Reference Entity, as defined under Rule 29.1, satisfies all of the following criteria:

(a) The Reference Entity or the Reference Entity’s parent, if the Reference Entity is a wholly- owned subsidiary, has at least one class of securities that is duly registered and is an [“]NMS stock[” as defined in Rule 600 of Regulation NMS of the Securities Exchange Act of 1934].

\* \* \* \* \*

.13 Index-Linked Securities

(1) Securities deemed appropriate for options trading shall include shares or other securities (“Equity Index-Linked Securities,” “Commodity-Linked Securities,” “Currency-Linked Securities,” “Fixed Income Index-Linked Securities,” “Futures-Linked Securities,” and “Multifactor Index-Linked Securities,” collectively known as “Index-Linked Securities” or ETNs) that are principally traded on a national securities exchange and an NMS Stock [“NMS Stock” (as defined in Rule 600 of Regulation NMS under the Securities Exchange Act of 1934)], and represent ownership of a security that provides for the payment at maturity, as described below:

\* \* \* \* \*

#### Rule 5.4. Withdrawal of Approval of Underlying Securities

Whenever the Exchange determines that an underlying security previously approved for Exchange option transactions does not meet the then current requirements for continuance of such approval or for any other reason should no longer be approved, the Exchange will not open for trading any additional series of options of the class covering that underlying security and therefore two Floor Officials, in consultation with a designated senior executive officer of the Exchange, may prohibit any opening purchase or sale transactions in series of options of that class previously opened (except that (i) opening transactions by Market-Makers executed to accommodate closing transactions of other market participants and (ii) opening transactions by TPH organizations to facilitate the closing transactions of public customers executed as crosses pursuant to and in accordance with Cboe Options Rule 6.74(b) or (d) may be permitted), to the extent it deems such action necessary or appropriate; provided, however, that where exceptional circumstances have caused an underlying security not to comply with the Exchange’s current approval maintenance requirements, regarding number of publicly held shares or publicly held principal amount, number of shareholders, trading volume or market price the Exchange, in the interest of maintaining a fair and orderly market or for the protection of investors, may determine to continue to open additional series of option contracts of the class covering that underlying security. When all option contracts in respect of any underlying security that is no longer approved have expired, the Exchange may make application to the [Securities and Exchange] Commission to strike from trading and listing all such option contracts.

#### *... Interpretations and Policies:*

.01 The [Board of Directors]Exchange has established guidelines to be considered [by the Exchange in]when determining whether an underlying security previously approved for Exchange option transactions no longer meets its requirements for the continuance of such approval. Absent exceptional circumstances, with respect to Paragraphs (a), (b), or (c) listed below, an underlying security will not be deemed to meet the Exchange’s requirements for continued approval whenever any of the following occur:

(a) There are fewer than 6,300,000 shares of the underlying security held by persons other than those who are required to report their security holdings under Section 16(a) of the [Securities] Exchange Act[ of 1934].

(b) – (e) No change.

(f) The underlying security ceases to be an [“]NMS stock[” as defined in Rule 600 of Regulation NMS of the Securities Exchange Act of 1934].

\* \* \* \* \*

.08 [Securities consisting of shares or other securities (“]Units[”) that represent interests in registered investment companies (or series thereof) organized as open-end management investment companies, unit investment trusts or similar entities that were initially approved for options trading pursuant to Interpretation and Policy .06 under Rule 5.3 shall be deemed not to meet the Exchange’s requirements for continued approval, and the Exchange shall not open for trading any additional series of option contracts of the class covering such Units, if the Units cease to be an [“]NMS stock[” as provided in paragraph (f) of Interpretation and Policy .01 of this Rule 5.4 or the Units are halted from trading in their primary market. In addition, two Floor Officials, in consultation with a designated senior executive officer of the Exchange, shall consider the suspension of opening transactions in any series of options of the class covering Units in any of the following circumstances:

(a) No change.

(b) In the case of options covering Units approved for trading under Rule 5.3 and Interpretation and Policy .06(B)(ii) thereunder, following the initial twelve-month period beginning upon the commencement of trading in the Units on a national securities exchange and are defined as an [“NMS stock” under Rule 600 of Regulation] NMS stock, there are fewer than 50 record and/or beneficial holders of such Units for 30 or more consecutive trading days; or

(c) – (d) No change.

.09 Absent exceptional circumstances, [securities initially approved for options trading pursuant to Interpretation and Policy .07 under Rule 5.3 (such securities are defined and referred to in that Interpretation and Policy as “]Trust Issued Receipts[”) shall not be deemed to meet the Exchange’s requirements for continued approval, and the Exchange shall not open for trading any additional series of option contracts of the class covering such Trust Issued Receipts, whenever the Trust Issued Receipts are delisted and trading in the Receipts is suspended on a national securities exchange, or the Trust Issued Receipts are no longer traded as national market securities through the facilities of a national securities association. In addition, two Floor Officials, in consultation with a designated senior executive officer of the Exchange, shall consider the suspension of

opening transactions in any series of options of the class covering Trust Issued Receipts in any of the following circumstances:

\* \* \* \* \*

.16 Absent exceptional circumstances, Index-Linked Securities (“Securities”) initially approved for options trading pursuant to Interpretation and Policy .13 to Rule 5.3 shall not be deemed to meet the Exchange’s requirements for continued approval, and the Exchange shall not open for trading any additional series or option contracts of the class covering such Securities whenever the underlying Securities are delisted and trading in the Securities is suspended on a national securities exchange, or the Securities are no longer an [“]NMS Stock[” (as defined in Rule 600 of Regulation NMS under the Securities Exchange Act of 1934)]. In addition, the Exchange shall consider the suspension of opening transactions in any series of options of the class covering Index-Linked Securities in any of the following circumstances:

(1) No change.

(2) In accordance with the terms of Interpretation and Policy .01 to this Rule 5.4, in the case of options covering Index-Linked Securities when such options were approved pursuant to Interpretation and Policy .13 to Rule 5.3, except that, in the case of options covering Index- Linked Securities approved pursuant to Interpretation and Policy .13(3)(B) to Rule 5.3 that are redeemable at the option of the holder at least on a weekly basis, then option contracts of the class covering such Securities may only continue to be open for trading as long as the Securities are listed on a national securities exchange and are [“]NMS[”] stocks[ as defined in Rule 600 of Regulation NMS];

(3) – (4) No change.

#### Rule 5.5. Series of Option Contracts Open for Trading

(a) After a particular class of options (call option contracts or put option contracts relating to a specific underlying security or calculated index) has been approved for listing and trading on the Exchange, the Exchange from time to time may open for trading series of options on that class. Only options contracts of series currently open for trading may be purchased or written on the Exchange. Prior to the opening of trading in a given series, the Exchange will fix the expiration month, year and exercise price of that series. Exercise price setting parameters [adopted as]are part of the [Options Listing Procedures Plan are set forth in Rule 5.5A]OLPP as reflected in Rule 5.5A. For Short Term Option Series, the Exchange will fix a specific expiration date and exercise price, as provided in paragraph (d). For Quarterly Options Series the Exchange will fix a specific expiration date and exercise price, as provided in paragraph (e). For Delayed Start Option Series, the Exchange will fix a specific expiration date and exercise price as provided under Rule 24.9(d).

(b) – (c) No change.

(d) Short Term Option Series Program. After an option class has been approved for listing and trading on the Exchange, the Exchange may open for trading on any Thursday or Friday that is a business day ("Short Term Option Opening Date") series of options on that class that expire at the close of business on each of the next five Fridays that are business days and are not Fridays on which monthly options series or Quarterly Options Series expire ("Short Term Option Expiration Dates"). The Exchange may have no more than a total of five Short Term Option Expiration Dates. Monday and Wednesday SPY Expirations (described in the paragraph below) are not included as part of this count. If the Exchange is not open for business on the respective Thursday or Friday, the Short Term Option Opening Date will be the first business day immediately prior to that respective Thursday or Friday. Similarly, if the Exchange is not open for business on a Friday, the Short Term Option Expiration Date will be the first business day immediately prior to that Friday.

\* \* \* \* \*

(3) Initial Series. The Exchange may open up to 20 initial series for each option class that participates in the Short Term Option Series Program. The strike price of each Short Term Option Series will be fixed at a price per share, with approximately the same number of strike prices being opened above and below the value of the underlying security at about the time that the Short Term Option Series are initially opened for trading on the Exchange (e.g., if seven series are initially opened, there will be at least three strike prices above and three strike prices below the value of the underlying security). Any strike prices listed by the Exchange shall be reasonably close to the price of the underlying equity security (which underlying security price shall be determined in accordance with [subparagraph (a)(i) of Rule 5.5A] the OLPP as reflected in Rule 5.5A) and within the following parameters: (i) if the price of the underlying is less than or equal to \$20, strike prices shall be not more than one hundred percent (100%) above or below the price of the underlying security; and (ii) if the price of the underlying security is greater than \$20, strike prices shall be not more than fifty percent (50%) above or below the price of the underlying security.

(4) Additional Series. The Exchange may open up to 10 additional series for each option class that participates in the Short Term Option Series Program when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the market price of the underlying security moves substantially from the exercise price or prices of the series already opened. Any additional strike prices listed by the Exchange shall be reasonably close to the price of the underlying equity security (which underlying security price shall be determined in accordance with [subparagraph (a)(i) of Rule 5.5A] the OLPP as reflected in Rule 5.5A) and within the following parameters: (i) if the price of the underlying is less than or equal to \$20, additional strike prices shall be not more than one hundred percent (100%) above or below the price of the underlying security; and (ii) if the price of the underlying security is greater than \$20, additional strike prices shall be not more than fifty percent (50%) above or below the price of the underlying security. The Exchange may also open additional strike prices of Short

Term Option Series that are more than 50% above or below the current price of the underlying security (if the price is greater than \$20); provided that demonstrated customer interest exists for such series, as expressed by institutional, corporate or individual customers or their brokers. Market-Makers trading for their own account shall not be considered when determining customer interest under this provision. In the event that the underlying security has moved such that there are no series that are at least 10% above or below the current price of the underlying security and all existing series have open interest, the Exchange may list additional series, in excess of the thirty series per class limit set forth in Rule 5.5(d)(1), that are between 10% and 30% above or below the price of the underlying security. The opening of the new Short Term Option Series shall not affect the series of options of the same class previously opened. Notwithstanding any other provisions in this Rule 5.5, Short Term Option Series may be added up to and including on the Short Term Option Expiration Date for that options series.

(5) – (6) No change.

Related non-Short Term Option series shall be opened during the month prior to expiration in the same manner as permitted in Rule 5.5(d) and in the same strike price intervals that are permitted in this Rule 5.5(d)(5).

(e) Quarterly Option Series Program. The Exchange may list and trade options series that expire at the close of business on the last business day of a calendar quarter (“Quarterly Options Series”).

(1) Classes. The Exchange may list Quarterly Options Series for up to five (5) currently listed options classes that are either index options or options on [exchange traded funds (“ETF”)]ETFs. In addition, the Exchange may also list Quarterly Options Series on any options classes that are selected by other securities exchanges that employ a similar program under their respective rules.

(2) – (4) No change.

(5) Additional Series. Additional Quarterly Options Series of the same class may be open for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the market price of the underlying security moves substantially from the initial exercise price or prices. To the extent that any additional strike prices are listed by the Exchange, such additional strike prices shall be within thirty percent (30%) above or below the closing price of the underlying ETF [(or “Units” as defined in Rule 5.3.06)] on the preceding day. The Exchange may also open additional strike prices of Quarterly Option Series in ETF options that are more than 30% above or below the current price of the underlying ETF provided that demonstrated customer interest exists for such series, as expressed by institutional, corporate or individual customers or their brokers. Market-Makers trading for their own account shall not be considered when determining customer interest under this provision. The



opening of the new Quarterly Options Series shall not affect the series of options of the same class previously opened.

(6) – (8) No change.

*... Interpretations and Policies:*

.01 The interval between strike prices of series of options on individual stocks may be:

a. The \$1 Strike Price Interval Program.

(1) No change.

(2) Initial and Additional Series. To be eligible for inclusion into the \$1 Strike Price Interval Program, an underlying stock must close below \$50 in its primary market on the previous trading day. After a stock is added to the \$1 Strike Price Interval Program, the Exchange may list \$1 strike price intervals from \$1 to \$50 according to the following parameters:

(i) – (ii) No change.

(iii) For the purpose of adding strikes under the \$1 Strike Price Interval Program, the “price of the underlying stock” shall be measured in the same way as “the price of the underlying security” is as set forth in [Rule 5.5A(b)(i)]the OLPP as reflected in Rule 5.5A.

\* \* \* \* \*

(b) \$0.50 or greater beginning at \$0.50 where the strike price is \$5.50 or less, but only for options classes whose underlying security closed at or below \$5.00 in its primary market on the previous trading day and which have national average daily volume that equals or exceeds 1000 contracts per day as determined by [The Options Clearing Corporation]OCC during the preceding three calendar months. The listing of \$0.50 strike prices shall be limited to options classes overlying no more than 20 individual stocks (the “\$0.50 Strike Program”) as specifically designated by the Exchange. The Exchange may list \$0.50 strike prices on any other option classes if those classes are specifically designated by other securities exchanges that employ a similar \$0.50 Strike Program under their respective rules. A stock shall remain in the \$0.50 Strike Program until otherwise designated by the Exchange.

\* \* \* \* \*

.22 Mini Option Contracts

(a) After an option class on a stock, [exchange-traded fund (JETF[])] share (referred to as “Unit” in Rule 5.3.06)], [Trust Issued Receipt (JTIR[])], [exchange-traded note (JETN[])],

and other Index-Linked Security with a 100 share deliverable has been approved for listing and trading on the Exchange, series of option contracts with a 10 share deliverable on that stock, ETF share, TIR, ETN and other Index-Linked Security may be listed for all expirations opened for trading on the Exchange. Mini-option contracts may currently be listed on SPDR S&P 500 (SPY), Apple, Inc. (AAPL), SPDR Gold Trust (GLD), Alphabet, Inc. (GOOGL) and Amazon.com Inc. (AMZN).

\* \* \* \* \*

#### Rule 5.8. Long-Term Equity Option Series (LEAPS)

(a) No change.

(b) With regard to the listing of new January LEAPS series on equity option classes, options on [Exchange Traded Funds (“]ETFs[” and referred to as “Units” in Rule 5.3)], or options on [Trust Issued Receipts (“]TIRs[”)], the Exchange shall not add new LEAP series on a currently listed and traded option class earlier than the Monday prior to the September expiration (which is 28 months before the expiration).

Pursuant to the [Options Listing Procedures Plan]OLPP, exchanges that list and trade the same equity option class, ETF option class, or TIR option class are authorized to jointly determine and coordinate with the Clearing Corporation on the date of introduction of new LEAP series for that option class consistent with this paragraph (b).

\* \* \* \* \*

#### Rule 6.1. Days and Hours of Business

[The Board shall determine by resolution the days the Exchange shall be open for business and the Regular Trading Hours and Global Trading Hours of such days during which transactions may be made on the Exchange.

#### *. . . Interpretations and Policies:*

.01]

(a) Regular Trading Hours. [The Board of Directors has resolved that, except under unusual conditions as may be determined by the Board or its designee,]

(1) Options on Securities. Except as otherwise set forth in the Rules or under unusual conditions as may be determined by the Exchange, Regular Trading Hours during which transactions in options on individual stocks, ETFs, ETNs, and other securities may be made on the Exchange [shall] correspond to the normal business days and hours [for business established by the exchanges]set forth in the rules of the primary market currently trading the [stocks] securities underlying [Cboe Options]Exchange options, except for options on ETFs, ETNs, Index

Portfolio Shares, Index Portfolio Receipts, and Trust Issued Receipts the Exchange designates to remain open for trading beyond 3:00 p.m. (Central time (“CT”)) but in no case later than 3:15 p.m. (CT).

(2) Options on Indexes. Except as otherwise set forth in the Rules or under unusual conditions as may be determined by the Exchange, Regular Trading Hours during which transactions in options on indexes may be made on the Exchange are set forth in Rule 24.6.

(3) Other Options. Except as otherwise set forth in the Rules or under unusual conditions as may be determined by the Exchange, transactions in the following options may be made on the Exchange in accordance with the following Rules:

<u>Option</u>	<u>Rule</u>
<u>Range Options</u>	<u>20.2</u>
<u>Government Securities Options</u>	<u>21.10.01</u>
<u>Binary Options</u>	<u>22.2</u>
<u>FLEX Options</u>	<u>24A.2</u>
<u>Corporate Debt Security Options</u>	<u>28.9</u>
<u>Credit Options</u>	<u>29.11</u>

(b) Global Trading Hours. [The Board of Directors has resolved that, e]Except under unusual conditions as may be determined by the [Board or its designee]Exchange, Global Trading Hours are from 2:00 a.m. [Central time (“CT”)](CT) to 8:15 a.m. (CT) on Monday through Friday. The Exchange may determine whether to operate during Global Trading Hours[. If the Exchange determines to operate during Global Trading Hours, transactions in] and may designate which options [designated as]are eligible for trading during that trading session (as set forth in Rule 6.1A)[ may be made on the Exchange].

[.02 The hours of trading for securities are as set forth in the Rules listed below:

Binary Options - Rule 22.2

Corporate Debt Security Options -- Rule 28.9.

Credit Options— Rule 29.11.

Government Securities Options— Rule 21.10, Interpretation and Policy .01.

Index Options— Rule 24.6.

## Range Options - Rule 20.2

## Stocks, Warrants and Other Securities— Rule 51.2.]

[.03 Regular Trading Hours. Options on units (or ETFs), as defined under Interpretation and Policy .06 to Rule 5.3, and options on Index-Linked Securities (or ETNs), as defined under Interpretation and Policy .13 to Rule 5.3, may remain open for trading beyond 3:00 p.m. but in no case later than 3:15 p.m. (CT), as designated by the Exchange.]

[.04 The Board of Directors has determined that t](c) Holidays. The Exchange [will]is not [be] open for business on New Year's Day, Martin Luther King, Jr. Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, or Christmas Day. [The Board has also determined that, w]When any holiday observed by the Exchange falls on a Saturday, the Exchange [will]is not [be] open for business on the preceding Friday, and [that] when any holiday observed by the Exchange falls on a Sunday, the Exchange [will] is not [be] open for business on the following Monday, unless unusual business conditions exist at the time.

[.05 For those option classes and within such time periods as the Exchange may designate, Trading Permit Holders \* may, prior to the scheduled opening rotation of Regular Trading Hours, enter option market quote indications based upon the anticipated opening price of the security underlying such designated option class. This interpretation will not impose upon Trading Permit Holders an affirmative responsibility to provide and post pre-opening option market quote indicators. Generally, pre-opening option market quote indications would be provided by Trading Permit Holders for options classes whose underlying security is sold over-the-counter and those option classes whose underlying security shows little market volatility.

The following procedures shall be followed by Trading Permit Holders and the Order Book Official, DPM, or LMM when posting pre-opening option market quote indications.

(a) For those options classes designated as eligible for pre-opening option market quote indications the OBO, DPM, or LMM shall, no earlier than 8:15 a.m. (CT), request market quote indications from the Trading Permit Holders present in the trading crowd.

(b) The Trading Permit Holders and DPM or LLM may then provide pre-opening option market quote indications at which time the OBO, DPM, or LMM shall post these indications. Upon the opening of the underlying security and in no case earlier than 8:30 a.m. (CT) the OBO, DPM, or LMM shall request verbal confirmation from the trading crowd that such pre-opening option market quote indications reflect the actual market and constitute valid opening quotations. If the crowd indicates that such pre-opening option market quote indications reflect the actual market and constitute valid opening quotations, the OBO, DPM, or LMM shall determine that a simultaneous opening rotation has occurred. If they do not confirm the indications, an opening rotation in accordance with applicable Exchange Rules for all series in which floor brokers in the

crowd or the Book hold executable limit or market orders will be held. After such orders have been executed, the OBO, DPM, or LMM shall declare the option class open and the series subject to applicable Exchange Rules.

(c) Notwithstanding paragraphs (a) and (b), the OBO, DPM, or LMM shall direct that an opening rotation take place pursuant to applicable exchange Rules if (i) the OBO, DPM, or LMM fails to receive market quote indications; or (ii) the underlying security opens substantially higher or lower than the opening price anticipated by the crowd that provided the pre-opening market quote indications; or (iii) there are substantial order imbalances affecting the options class; or (iv) for such other reasons as appropriate Floor Officials, the OBO, the DPM, or LMM or the Exchange may determine.

\* The term “Trading Permit Holder” as defined in the Bylaws and used in the Rules includes a nominee of a TPH organization unless the context otherwise requires.]

#### Rule 6.1A. Global Trading Hours

(a) No change.

(b) Electronic Trading Only. Trading during Global Trading Hours is electronic only on the Hybrid Trading System. T[he Hybrid 3.0 Platform is not available, and t]here is no open outcry trading on the floor[,] during Global Trading Hours. If in accordance with the Rules an order would route to PAR, the order entry firm’s booth or otherwise for manual handling, the System will return the order to the Trading Permit Holder during Global Trading Hours.

(c) – (k) No change.

#### Rule 6.2. Hybrid Opening (and Sometimes Closing) System (“HOSS”)

(a) – (g) No change.

[(h) Hybrid 3.0 Classes. All provisions set forth above in this Rule apply to opening series in Hybrid 3.0 classes during Regular Trading Hours, except as follows:

(i) Opening Quotes. Notwithstanding paragraph (a)(i) above, only the DPM(s) or LMM(s) with an allocation or appointment, respectively, to the class or series may enter quotes prior to the opening of trading, subject to the obligation set forth in Rule 8.15 or 8.85, respectively.

(ii) Opening Orders. During the pre-opening period, the System will accept all order types eligible for entry as set forth in paragraph (a)(i) above from public customers and only opening rotation orders from non-public customers.]

#### *. . . Interpretations and Policies:*

.01 – .04 No change.

.05 Exchange Determinations. The Exchange will announce to Trading Permit Holders all determinations it makes pursuant to Rule 6.2 and its Interpretations and Policies via Regulatory Circular with appropriate advanced notice or as otherwise provided. To the extent the Exchange authorizes a class to trade on a group basis [groups of series of a class to trade on different trading platforms] pursuant to Rule 8.14, Interpretation and Policy .01, the Exchange may make determinations pursuant to this Rule 6.2 and its Interpretations and Policies on a group-by-group basis that would otherwise be made on a class-by-class basis.

\* \* \* \* \*

#### Rule 6.3A. Equity Market Plan to Address Extraordinary Market Volatility

This Rule shall be in effect during a pilot period to coincide with the pilot period for the Regulation NMS Plan to Address Extraordinary Market Volatility (the “Limit Up-Limit Down Plan” or the “Plan”).

The Exchange shall modify option order processing during a limit up-limit down state. For purposes of this rule, a “limit up-limit down state” shall mean the period of time when the underlying security of an option enters a limit or straddle state as defined in the Plan.

(a) Exchange Order Types. The following order types will be handled specially during a limit up- limit down state: market orders, market-on-close orders, stop orders, and stock-option orders. Refer to Rule 6.[53]45 and Rule 6.53C for descriptions of how such orders will be handled during a limit up-limit down state.

(b) – (d) No change.

#### Rule 6.3B. Market-wide Trading Halts Due to Extraordinary Market Volatility

No change.

#### ***... Interpretations and Policies:***

.01 This Rule shall be in effect during a pilot period to coincide with the pilot period for the Regulation NMS Plan to Address Extraordinary Market Volatility. If the pilot is not either extended or approved permanently at the end of the pilot period, the prior version of Rule 6.3B shall be in effect.

The Exchange will halt trading in all stocks and stock options and shall not reopen for the time periods specified in this Rule if there is a Level 1, 2, or 3 Market Decline.

(a) – (b) No change.

(c) Reopening of Stock Options Trading:

(i) Upon reopening, a rotation shall be held in each class of options unless two Floor Officials [(or an Order Book Official acting upon authorization from a senior Exchange official)] conclude that a different method of reopening is appropriate under the circumstances, including but not limited to, no rotation, an abbreviated rotation or any other variation in the manner of the rotation.

\* \* \* \* \*

#### Rule 6.6. Unusual Market Conditions

(a) – (c) No change.

(d) Whenever market conditions warrant such special action, the Exchange may restrict the entry of stop, stop-limit, or market-if-touched orders in one or more classes or series of options for a period not in excess of two consecutive days. [The Board of Directors]A designated senior executive officer of the Exchange must approve any such restriction which is to be effective for more than two consecutive business days.

\* \* \* \* \*

#### Rule 6.9. Solicited Transactions

A Trading Permit Holder or TPH organization representing an order respecting an option traded on the Exchange (an “original order”), including a [spread, combination, or straddle order as defined in Rule 6.53, a stock-option order as defined in Rule 1.1(ii), a security future-option order as defined in Rule 1.1(zz), or any other] complex order [as defined in Rule 6.53C], may solicit a Trading Permit Holder or TPH organization or a public customer or broker-dealer (the “solicited person”) to transact in-person or by order (a “solicited order”) with the original order. In addition, whenever a floor broker who is aware of, but does not represent, an original order solicits one or more persons or orders in response to an original order, the persons solicited and any resulting orders are solicited persons or solicited orders subject to this Rule. Original orders and solicited orders are subject to the following conditions.

(a) – (f) No change.

#### ***... Interpretations and Policies:***

.01 – .02 No change.

.03 In respect of any solicited order that is a [spread, straddle or combination order as defined in Rule 6.53, or any other] complex order [as defined in Rule 6.53C], the terms “bid” and “offer” as used in subparagraphs (a)-(d) of this Rule 6.9 mean “total net debit” and “total net credit,” respectively.

\* \* \* \* \*

### Rule 6.11. Origins Eligible for Book Entry

After a class opens for trading, the System accepts for entry into the Book [(a)] quotes of Market-Makers (including DPMs and LMMs) and orders of any origin in Hybrid classes[ and (b) quotes of LMMs and orders of priority customers and other origins determined by the Exchange in Hybrid 3.0 classes, which the Exchange will announce by Regulatory Circular].

\* \* \* \* \*

### Rule 6.12A. Public Automated Routing System (PAR)

The PAR workstation (PAR) is an Exchange-provided order management tool for use on the Exchange's trading floor by Trading Permit Holders or Exchange PAR Officials (see Rule 6.12B for a description of the responsibilities of PAR Officials). The Exchange's Order Handling System allows for orders to be routed to and from PAR in accordance with TPH and Exchange order routing parameters and the Rules including, but not limited to, this Rule 6.12A and Chapters VI and VIII of the Rules and Rules 6.2, 6.12B, 6.13, 6.14B, 6.53, 6.53C, 6.74, and 8.51 thereunder.

(a) No change.

(b) Order Handling. Once an order is on PAR, the order shall be processed in accordance with the manual or automatic settings established by the user and the order's terms. Subject to the forgoing, once an order is on PAR, the user may:

(i) Submit the order into the Hybrid Trading System (including for execution against quotes and orders resting in the electronic book and exposure to appropriate electronic auctions pursuant to Rules [6.13A, ]6.14A, 6.53C, 6.74B, and 24B.5B);

(ii) – (iv) No change.

(v) [Reflect the price and/or quantity related to the order or a portion thereof in the displayed Exchange BBO (applicable only in options classes on the Hybrid 3.0 Platform); or

(vi)] Cancel the unexecuted order, including upon receipt of a cancel request from the order entry firm or originating TPH or as prescribed by Exchange or TPH order routing parameters.

(c) Orders Eligible for PAR. [Order Types.] Unless otherwise specified in the Rules or the context indicates otherwise, all order types specified in Rule 6.53 are eligible to route to PAR, except [that the order types defined in Rules 6.53(h), 6.53(o)-(r), and 6.53(t)-(v)] attributable orders, ISOs, AIM sweep orders, sweep and AIM orders, reserve orders, QCC orders, and Market-Maker Trade Prevention Orders may not be routed to PAR.

(d) No change.



## Rule 6.12B. PAR Officials

(a) No change.

(b) Obligations. A PAR Official is responsible for the following obligations:

(i) Display Obligation: Each PAR Official must display immediately the full price and size of any customer limit order that improves the price or increases the size of the best disseminated Cboe Options quote. For purposes of this Rule 6.12B(b), “immediately” means, under normal market conditions, as soon as practicable but no later than 30 seconds after receipt (“30-second standard”) by the PAR Official.

The following are exempt from the Display Obligation as set forth under this Rule:

(A) – (B) No change.

(C) [The following orders as defined in Rule 6.53: contingency orders] market-if-touched orders; market-on-close orders; stop orders; stop-limit orders; [one-cancels-the-other orders; ]all or none orders; fill or kill orders; immediate or cancel orders; and complex orders [(e.g., spreads, straddles, combinations); and stock-option orders];

(D) Orders received before or during a trading rotation (as defined in Rule 6.2), including Opening Rotation [O]orders[ as defined in Rule 6.53(l)], are exempt from the 30-second standard, but they must be displayed promptly following conclusion of the applicable rotation; and

\* \* \* \* \*

Rule 6.13. [Cboe Options] Hybrid Trading System Automatic Execution Feature

(a) Applicability: This rule [is applicable only to those] applies to all classes [specifically designated] authorized for trading on the [Cboe Options] Hybrid Trading System. [The Cboe Options] On the Hybrid Trading System, [is a trading platform that allows] automatic executions [to] may occur electronically and open outcry trades [to] may occur on the floor of the Exchange pursuant to the priority and allocation principles contained in Rule 6.45.

(b) Automatic Execution: Orders eligible for automatic execution through the [Cboe Options] Hybrid Trading System may be automatically executed in accordance with the provisions of this Rule[, ] or Rule [6.13A or ]6.14A, as applicable. This section governs automatic executions and split-price automatic executions. The allocation of orders or quotes that automatically execute through the [Cboe Options] Hybrid Trading System is governed by Rule 6.45.

(i) Eligibility: The Exchange shall designate the eligible order size, eligible order type, eligible order origin code (i.e., public customer orders, non- Market-Maker

broker-dealer orders, and Market-Maker broker-dealer orders), and classes in which the automatic execution feature shall be activated, subject to the following:

(A)[(1)] Eligible Order Size: The Exchange shall establish on a class-by-class basis the maximum size of orders entitled to receive automatic execution through the [Cboe Options] Hybrid Trading System. If the eligible order size exceeds the disseminated size, incoming eligible orders shall be entitled to receive an automatic execution up to the disseminated size.

[(2) Hybrid 3.0 Eligibility and Process: For Hybrid 3.0 classes, all eligible orders will receive automatic execution against public customer orders in the electronic book. Any remaining balance of the order may be represented in the electronic book provided such order is eligible for book entry pursuant to Rule 6.11. If the order is not eligible for book entry, or at the order entry firm's discretion, the order will route via the order handling system pursuant to Rule 6.12.]

(B) No change.

(C) Access:

(1) [For Hybrid classes, o]Orders of public customers and broker-dealers that are not Market-Makers or specialists on an exchange who are exempt from the provisions of Regulation T of the Federal Reserve Board pursuant to Section 7(c)(2) of the [Securities] Exchange Act [of 1934] ("non-Market-Maker or non-Specialist broker-dealers") are eligible for automatic execution. The eligible order size for these classifications must be the same. [For Hybrid 3.0 classes, public customer orders are eligible for automatic execution, and the Exchange may determine, on a class-by-class basis, to allow non-Market-Maker or non-Specialist broker-dealer orders to be eligible for automatic execution. The eligible order size for these classifications must be the same.]

(2) – (3) No change.

(ii) – (iv) No change.

(v) Market-Width and Drill Through Price Check Parameters:

(A) Market-Width Price Check Parameter. The [Cboe Options] Hybrid Trading System will route via the order handling system pursuant to Rule 6.12 an eligible market order if the width between the [national best bid and national best offer]NBBO is not within an acceptable price range ("APR"). The Exchange will determine the APR on a class-by-class basis, which the Exchange will announce by Regulatory Circular and will be no

less than: \$0.375 between the bid and offer for each option contract for which the bid is less than \$2, \$0.60 where the bid is at least \$2 but does not exceed \$5, \$0.75 where the bid is more than \$5 but does not exceed \$10, \$1.20 where the bid is more than \$10 but does not exceed \$20, and \$1.50 where the bid is more than \$20.

(B) Drill Through Price Check Parameter.

(I) No change.

(II) If a buy (sell) order is exposed via HAL (other than pursuant to subparagraph (I)) [or SAL] and, following the exposure period pursuant to Rule 6.14A [or 6.13A, respectively], the System determines the order (or any unexecuted portion) would execute at a price higher (lower) than the drill through price, the System will not automatically execute that order (or unexecuted portion).

(III) No change.

(IV) Notwithstanding subparagraphs (I) to (III), if the System determines a buy (sell) order (or any unexecuted portion) not eligible for HAL [or SAL] pursuant to Rule 6.14A [or 6.13A, respectively,] would execute at a subsequent price higher (lower) than the drill through price, the System will not automatically execute that order (or unexecuted portion) and will route it via the order handling system pursuant to Rule 6.12 (except orders (or any unexecuted portions) that by their terms cancel if they do not execute immediately (such as immediate-or-cancel, fill- or-kill, intermarket sweep, and market-maker trade prevention orders) will be cancelled).

(V) No change.

(C) No change.

(vi) No-Bid Series: Notwithstanding Rule 6.13(b)(v), if the [Cboe Options Hybrid] System receives during a trading session or has resting in the electronic book after the opening of a trading session a market order to sell in an option series when the [national best bid]NBB in such series is zero:

(A) – (B) No change.

(vii) No change.

(c) No change.

[Rule 6.13A. Simple Auction Liaison (SAL)]

This Rule governs the operation of the SAL system. SAL is a feature within the Hybrid System that auctions marketable orders for price improvement over the NBBO.

(a) SAL Eligibility. The Exchange shall designate the eligible order size, eligible order type, eligible order origin code (i.e. public customer orders, non-Market-Maker broker-dealer orders, and Market-Maker broker-dealer orders), and classes in which SAL shall be activated. For such classes, SAL shall automatically initiate an auction process for any order that is eligible for automatic execution by the Hybrid System pursuant to Rule 6.13 ("Agency Order"), except when the Exchange's disseminated quotation on the opposite side of the market from the Agency Order does not contain sufficient Market-Maker quotation size to satisfy the entire Agency Order.

(b) SAL Auction. Prior to commencing the auction, SAL shall stop the Agency Order at the NBBO against Market-Maker quotations displayed at the NBBO on the opposite side of the market as the Agency Order. SAL will not allow such quotations to be cancelled or to move to an inferior price or size throughout the duration of the auction. The auction will last for a period of time not to exceed two (2) seconds as determined by the Exchange on a class-by-class basis. Market-Makers with an appointment in the relevant option class and Trading Permit Holders acting as agent for orders resting at the top of the Exchange's book in the relevant option series opposite the Agency Order may submit responses to the Auction message during the Auction period, unless the Exchange determines, on a class-by-class basis, to allow all Trading Permit Holders to submit responses to the Auction message. With respect to responses, the following shall apply:

(i) Responses shall not be visible to other auction participants and shall not be disseminated to OPRA.

(ii) Responses may be submitted in one-cent increments unless for the relevant option class the Exchange has determined that responses shall be submitted in standard increments.

(iii) Multiple responses are allowed.

(iv) Responses may be cancelled.

(v) Responses cannot cross the Exchange's disseminated quotation on the opposite side of the market.

(c) Allocation of Agency Orders. Agency Orders may be allocated at multiple prices if necessary and shall be allocated in two rounds per price point as follows:

(i) First Allocation Round. The Agency Order shall first be allocated at the best response price (the "First Allocation Round") between all parties (responding at that price) that represented the Exchange's NBBO quotation at the time the

auction commenced (“Original Quoters”) up to the size of such quotation. During the First Allocation Round, the following shall apply:

- (1) the Agency Order shall be allocated pursuant to the matching algorithm in effect for the class pursuant to Rule 6.45;
- (2) An Original Quoter may only participate in a First Allocation Round at each allocation price up to its size at the NBBO at the time the auction commenced; and
- (3) If the applicable matching algorithm includes a participation entitlement, then Market- Makers that qualify for a participation entitlement at the NBBO price will receive a participation entitlement if they match the executing auction price(s).

(ii) Second Allocation Round. If an Agency Order is not fully allocated at the best response price during the First Allocation Round, then a subsequent allocation (“Second Allocation Round”) shall occur at that price point. During this round, all responses received during the auction at that price that were not eligible for the First Allocation Round shall participate in accordance with the matching algorithm in effect for the class, and the size of such responses shall be capped to the size of the Agency Order for allocation purposes. There shall be no participation right during the Second Allocation Round. If the Agency Order is not fully allocated in the Second Allocation Round then allocation of the Agency Order shall proceed at the next best response price.

(d) Early Termination of Auction. The auction will terminate early under the following circumstances:

- (i) If the Hybrid System receives an unrelated non-marketable limit order on the opposite side of the market from the Agency Order that improves any auction responses, the unrelated order will trade (after any responses that were priced better than the unrelated order have traded) to the fullest extent possible at the midpoint of the best remaining auction response and the unrelated order’s limit price (rounded towards the unrelated order’s limit price when necessary).
- (ii) If the Hybrid System receives an unrelated market or marketable limit order on the opposite side of the market from the Agency Order, such unrelated order will trade to the fullest extent possible at the midpoint of the best auction response and the NBBO on the opposite side of the market from the auction responses (rounded towards the disseminated quote when necessary).
- (iii) If the Hybrid System receives an unrelated order on the same side of the market as the Agency Order that is marketable against the NBBO, then the auction shall conclude and the Agency Order shall trade against the best auction response(s) in accordance with subparagraph (c) above.

(iv) Any time there is a quote lock on the Exchange pursuant to Rule 6.45(c). If the quote lock occurs at a price that is favorable to the Agency Order, then the Agency Order shall trade against the quote lock interest to the fullest extent possible. If the quote lock occurs at a price that is inferior to the auction responses, then the Agency Order shall trade against the best auction responses in accordance with subparagraph (c) above.

(v) Any time a response matches the Exchange's disseminated quote on the opposite side of the market from the response. If the disseminated quote on the opposite side of the market from the response does not contain a priority customer order then the response shall trade against the Agency Order. If the disseminated quote on the opposite side of the market from the response does contain a priority customer order then, unless there is sufficient size in the response to execute both the Agency Order and the booked priority customer order (in which case they will both execute at that price), the Agency Order will execute against the response at one cent worse than the response price and any balance shall trade against the priority customer order in the book at such order's limit price.

(e) Any order (or portion) that does not execute following the auction will be handled as set forth in Rule 6.13(b)(v)(B)(III).

***... Interpretations and Policies:***

.01 A pattern or practice of submitting unrelated orders that cause an auction exposure period to conclude early will be deemed conduct inconsistent with just and equitable principles of trade and a violation of Rule 4.1 and other Exchange Rules.

.02 Redistributing the Auction messages provided by the Exchange to persons not eligible to respond to such messages pursuant to paragraph (b) above is prohibited, except in classes in which the Exchange allows all Trading Permit Holders to respond to such messages.

.03 When the disseminated market is crossed, SAL will continue to automatically initiate auctions provided the Exchange is the NBBO for the relevant side of the market at the time a SAL-eligible order is received.

.04 For Hybrid 3.0 Classes in which SAL is activated, SAL shall operate as follows:

(i) SAL eligibility specified in paragraph (a), the auction process specified in paragraph (b) and the circumstances for early termination of the auction specified in paragraph (d) shall apply except that, in singly-listed Hybrid 3.0 Classes, SAL shall automatically initiate an auction process for any Agency Order that is eligible for automatic execution even if the Exchange's disseminated quotation on the opposite side of the market from the Agency Order does not contain sufficient Market-Maker quotation size to satisfy the entire Agency Order. In such instances, SAL shall stop the Agency Order at the NBBO to the extent there are Market-Maker quotations displayed at the NBBO on the opposite side of the market as the Agency Order.

(ii) Allocation of Agency Orders shall be conducted in one round only. The First Round Allocation criteria specified in paragraph (c)(i) shall not apply. The Exchange shall determine, on a class-by-class basis, which electronic matching algorithm from Rule 6.45 shall apply to SAL executions. The size of each response to the SAL auction shall be capped to the size of the Agency Order for allocation purposes. Additionally, the Exchange may establish, on a class-by-class basis, a DPM/LMM participation entitlement that is applicable only to SAL executions and the participation entitlement shall be in compliance with Rule 6.45(a)(ii)(B).

(iii) The Exchange will not conduct a SAL auction when the Exchange's quote is represented by a manual quote (as defined in Rule 6.43).

.05 All pronouncements regarding determinations by the Exchange pursuant to Rule 6.13A and the Interpretations and Policies thereunder will be announced to Trading Permit Holders via Regulatory Circular.

Rule 6.13B. Reserved]

\* \* \* \* \*

Rule 6.14A. Hybrid Agency Liaison (HAL)

This Rule governs the operation of the Hybrid Agency Liaison ("HAL") system. HAL is a feature within the Hybrid Trading System that provides automated order handling in designated classes [trading on Hybrid] for qualifying electronic orders that are not automatically executed[ by the Hybrid System].

(a) HAL Eligibility. The Exchange shall designate eligible order size, eligible order type, eligible order origin code (i.e., public customer orders, non-Market Maker broker-dealer orders, and Market Maker broker-dealer orders), and classes in which HAL shall be activated. ISOs will not be processed pursuant to Rule 6.14A. HAL shall automatically process upon receipt:

(i) No change.

(ii) an eligible order that would improve the Exchange's disseminated quotation and that is marketable against quotations disseminated by other exchanges that are participants in the Options Order Protection and Locked/Crossed Plan; and

(iii) [for Hybrid 3.0 classes, an eligible order that would improve the Exchange's disseminated quotation; and

(iv)] an order (or any unexecuted portion) submitted to HAL pursuant to Rule 6.13(b)(v)(B)(I).

\* \* \* \* \*

#### Rule 6.14B. Order Routing to Other Exchanges

The Exchange may automatically route intermarket sweep orders to other exchanges under certain circumstances, including pursuant to Rule 6.14A (“Routing Services”). In connection with such services, the following shall apply:

(a) – (b) No change.

(c) The Exchange may not use a routing broker for which the Exchange or any affiliate of the Exchange is the [designated examining authority]DEA.

(d) The Exchange will provide its Routing Services in compliance with the provisions of the Act and the rules thereunder, including, but not limited to, the requirements in Section 6(b)(4) and (5) of the Exchange Act that the rules of a national securities exchange provide for the equitable allocation of reasonable dues, fees, and other charges among its Trading Permit Holders and issuers and other persons using its facilities, and not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

\* \* \* \* \*

#### Rule 6.16. Back-up Trading Arrangements

(a) Cboe Options is Disabled Exchange.

(1) Cboe Options Exclusively Listed Options.

A. No change.

B. [The Exchange (“[Cboe Options]”) may enter into arrangements with one or more other exchanges (each a “Back-up Exchange”) to permit Cboe Options and its Trading Permit Holders to use a portion of the Back-up Exchange’s facilities to conduct the trading of some or all of Cboe Options’[s] exclusively listed options in the event that the functions of Cboe Options are severely and adversely affected by an emergency or extraordinary circumstances (a “Disabling Event”). Such option classes shall trade as listings of Cboe Options. The facility of the Back-up Exchange used by Cboe Options for this purpose will be deemed to be a facility of Cboe Options.

\* \* \* \* \*

#### Rule 6.17. Authority to Take Action Under Emergency Conditions

The Chief Executive Officer[,]or the President (or [such other person or persons as may be designated by the Board]his or her senior-level designee) shall have the power to halt or suspend trading in some or all securities traded on the Exchange, to close some or all Exchange facilities, to determine the duration of any such halt, suspension or closing, to take one or more of the actions permitted to be taken by any person or body of the Exchange under Exchange rules, or to take any other action deemed to be necessary or



appropriate for the maintenance of a fair and orderly market or the protection of investors, or otherwise in the public interest, due to emergency conditions or extraordinary circumstances, such as (1) actual or threatened physical danger, severe climatic conditions, natural disaster, civil unrest, terrorism, acts of war, or loss or interruption of facilities utilized by the Exchange, or (2) a request by a governmental agency or official, or (3) a period of mourning or recognition for a person or event. [The person taking the action shall notify the Board of actions taken pursuant to this Rule, except for a period of mourning or recognition for a person or event, as soon thereafter as is feasible.]

#### Rule 6.18. Disaster Recovery

(a) No change.

(b) Back-up Data Center. The Exchange maintains a back-up data center in order to preserve the Exchange's ability to conduct business in the event the Exchange's primary data center becomes inoperable or otherwise unavailable for use due to a significant systems failure, disaster or other unusual circumstances. The purpose of this back-up data center is to allow the Exchange to operate if the primary data center becomes inoperable.

(i) – (iii) No change.

(iv) Trading Permit Holder Participation. Trading Permit Holders are required to take appropriate actions as instructed by the Exchange to accommodate the Exchange's ability to conduct business via the back-up data center.

(A) Designated BCP/DR Participants. The Exchange shall designate those Trading Permit Holders that the Exchange determines are, as a whole, necessary for the maintenance of fair and orderly markets in the event of the activation of the Exchange's business continuity and disaster recovery plans ("Designated BCP/DR Participants").

(1) Designated BCP/DR Participants will be identified based on criteria determined by the Exchange and announced via Regulatory Circular, which may include whether the [Trading Permit Holder ("TPH")] TPH is an appointed DPM, LMM, [Designated Primary Market-Maker ("DPM"), Lead Market-Maker ("LMM")] or Market-Maker in a class and the quality of markets provided by the DPM, LMM, or Market-Maker, the amount of volume transacted by the market participant in a class or on the Exchange in general, operational capacity, trading experience, and historical contribution to fair and orderly markets on the Exchange.

(2) No change.

(B) Alternative BCP/DR Participant Obligations. During the use of the back-up data center, the Exchange may, if necessary for the maintenance

of fair and orderly markets, establish heightened quoting obligations for Designated BCP/DR Participants in a class in which the Designated BCP/DR Participant is already an appointed [Lead Market-Maker]LMM or Market-Maker up to the standards specified for [Designated Primary Market-Makers specified]DPMs in Rule 8.85(a) and/or disallow the ability to deselect an appointment intraday in a class in which the Designated BCP/DR Participant is already an appointed Market-Maker. The Exchange will notify market participants of any of these additional temporary requirements prior to implementation in a reasonable manner as determined by the Exchange.

(C) – (D) No change.

(c) No change.

(d) Loss of Trading Floor. If the Exchange trading floor becomes inoperable, the Exchange will continue to operate in a screen-based only environment using a floorless configuration of the Hybrid Trading System located in the primary data center that is operational while the trading floor facility is inoperable. The Exchange will operate using this configuration only until the Exchange's trading floor facility is operational. Open outcry trading will not be available in the event the trading floor becomes inoperable, except in accordance with paragraph (ii) below and pursuant to Rule 6.16 (Back-up Trading Arrangements), as applicable.

(i) Applicable Rules. In the event that the trading floor becomes inoperable, trading will be conducted pursuant to all applicable Hybrid System rules, except that open-outcry rules shall not be in force. In these circumstances, a non-exclusive list of trading rules that will not apply include either all or some portion of Rules 6.2, 6.9, 6.12A, 6.12B, [6.13A,] 6.20, 6.22, 6.23, 6.45, 6.47, 6.54, 6.74, 8.15, and 8.17. All non-trading rules of the Exchange shall continue to apply.

\* \* \* \* \*

#### Rule 6.23A. Trading Permit Holder Connectivity

(a) Market participants with authorized access may access the Exchange electronically to facilitate quote and order entry as well as auction processing via an ["Application Programming Interface" ("API")]API such as a Cboe Market Interface ("CMi") API and/or the industry-standard Financial Information eXchange ("FIX") Protocol. Multiple versions of an API may exist and be made available to all authorized market participants. Market participants may select which of these available APIs they would like to use to connect to the System.

(b) The Exchange may limit the number of messages sent by Trading Permit Holders accessing the Exchange electronically in order to protect the integrity of the Hybrid trading system. In addition, the Exchange may impose restrictions on the use of a computer connected through an [application programming interface ("API")]API if it

believes such restrictions are necessary to ensure the proper performance of the system. Any such restrictions shall be objectively determined and submitted to the Commission for approval pursuant to a rule change filing under Section 19(b) of the Exchange Act.

\* \* \* \* \*

#### Rule 6.23C. Technical Disconnect

(a) When a Cboe Options Application Server (“CAS”) loses communication with a Client Application such that a CAS does not receive an appropriate response to a Heartbeat Request within “x” period of time, the Technical Disconnect Mechanism will automatically logoff the Trading Permit Holder’s affected Client Application and automatically cancel all the Trading Permit Holder’s Market-Maker quotes, if applicable, and open orders with a time-in-force of “day” resting in the Book (which excludes orders resting on a PAR workstation or order management terminal) (“day orders”), if the Trading Permit Holder enables that optional service, posted through the affected Client Application. The following describes how the Technical Disconnect Mechanism works for each of the Exchange’s [application programming interfaces (“APIs”)]APIs:

\* \* \* \* \*

#### Rule 6.24. Required Order Information

(a) Orders Must Be Systematized. The Exchange has undertaken with the other options exchanges to develop a Consolidated Options Audit Trail System (“COATS”), which when fully developed and implemented, will provide an accurate, time-sequenced record of electronic and other orders, quotations, and transactions in certain option classes listed on the Exchange. [Unless otherwise provided, the requirements of this Rule shall commence on January 10, 2005. In connection with the implementation of COATS:]

(1) – (2) No change.

(3) [Orders in Certain Index Option Classes and the Standard and Poor’s Depositary Receipts (“SPDR”) Option Class. The requirement to systematize orders as set forth in this Rule shall commence on March 28, 2005, in the following option classes: the S&P 500 index option class (SPX), the SPDR option class, the S&P 100 index option class (OEX), and the European-style S&P 100 index option class (XEO).]Reserved

(4) No change.

(5) Complex orders of twelve (12) legs or less (one leg of which may be for an underlying security or security future, as applicable) must be entered on a single order ticket at time of systemization. If permitted by the Exchange (which the Exchange will announce by Regulatory Circular), complex orders of more than twelve (12) legs (one leg of which may be for an underlying security or security future, as applicable) may be split across multiple order tickets, if the Trading

Permit Holder representing the complex order uses the fewest order tickets necessary to systematize the order and identifies for the Exchange the order tickets that are part of the same complex order (in a form and manner prescribed by the Exchange).

(b) – (c) No change.

***... Interpretations and Policies:***

.01 No change.

.02 [(a)] The use of hand signal communications on the floor of the Exchange may be used to initiate an order, to increase or decrease the size of an order, to change an order's limit, to cancel an order, or to activate a market order. Any initiation, cancellation, or change of an order relayed to a floor broker through the use of hand signals also must be systematized in accordance with paragraph (a) of this Rule. All other rules applicable to order preparation and retention, and reporting duties are applicable to orders under this Interpretation, except that the record-keeping obligation lies with the Trading Permit Holder signaling the order where a hand signal is used. [All cancellations and changes of orders held by the Order Book Official must be provided in written form or electronically, and also must be systematized in accordance with paragraph (a) of this Rule.]

.03 – .07 No change.

**Rule 6.25. Nullification and Adjustment of Options Transactions including Obvious Errors**

No change.

***... Interpretations and Policies:***

.01 – .06 No change.

.07 Complex Orders and Stock-Option Orders:

(a) No change.

(b) If a complex order executes against another complex order and at least one of the legs qualifies as an Obvious Error under paragraph (c)(1) or a Catastrophic Error under paragraph (d)(1), then the leg(s) that is an Obvious or Catastrophic Error will be adjusted or busted in accordance with paragraph (c)(4) or (d)(3), respectively, so long as either: (i) the width of the National Spread Market for the complex order strategy just prior to the erroneous transaction was equal to or greater than the amount set forth in the wide quote table of paragraph (b)(3) or (ii) the net execution price of the complex order is higher (lower) than the offer (bid) of the National Spread Market for the complex order strategy just prior to the erroneous transaction by an amount equal to at least the amount shown in the table in paragraph (c)(1). If any leg of a complex order is nullified, the entire

transaction is nullified. [For purposes of Rule 6.25, the National Spread Market for a complex order strategy is determined by the National Best Bid/Offer of the individual legs of the strategy.]

\* \* \* \* \*

#### Rule 6.42. Minimum Increments for Bids and Offers

(a) No change.

(b) Complex Orders. Except as provided in Rule 6.53C, the minimum increment for bids and offers on complex orders[, as defined in Interpretation and Policy .01 below,] is \$0.01 or greater, which may be determined by the Exchange on a class-by-class basis and announced to Trading Permit Holders via Regulatory Circular. Notwithstanding the foregoing sentence, the minimum increment for bids and offers on complex orders in options on the S&P 500 Index (SPX) or on the S&P 100 Index (OEX and XEO), except for box/roll spreads, is \$0.05 or greater, or in any increment, which may be determined by the Exchange on a class-by-class basis and announced to Trading Permit Holders via Regulatory Circular. In addition:

(i) the legs of a complex order may be executed in \$0.01 increments; and

(ii) complex orders are subject to special priority requirements as described in Rules 6.45, 6.53C, 24.19 and 24.20.

#### *... Interpretations and Policies:*

.01 [For purposes of this rule, “complex order” means a spread, straddle, combination or ratio order as defined in Rule 6.53, a stock-option order as defined in Rule 1.1(ii), a security future- option order as defined in Rule 1.1(zz), or any other complex order as defined in Rule 6.53C.]Reserved

.02 – .04 No change.

#### Rule 6.43. Manner of Bidding and Offering

[(a)] Bids and offers to be effective must either be entered electronically in a form and manner prescribed by the Exchange via Exchange-approved quoting devices or made at the post by public outcry. All bids and offers shall be general ones and shall not be specified for acceptance by particular Trading Permit Holders.

[(b)] In Hybrid 3.0 classes, floor brokers and market-makers in the trading crowd may verbalize quotes (“manual quotes”) to be input into Exchange systems by quote reporters for dissemination to the Options Price Reporting Authority (“OPRA”). Manual quotes must be for a minimum size of five (5) contracts. A manual quote will remain as the Exchange’s disseminated quote until executions deplete the size, until the market maker or floor broker withdraws the quote, or until matched or improved by an order in the electronic Book.

(i) If Trading Permit Holders and PAR Officials are eligible to submit orders for entry into the electronic book pursuant to Rule 7.4(a)(1)(i), then the Exchange may determine to disable manual quotes.

(ii) Automatic execution against a manual quote will not be permissible. However, in accordance with Rule 6.13 automatic execution against public customer orders in the electronic book will be permissible when the electronic book matches a manual quote.]

\* \* \* \* \*

#### Rule 6.45. Order and Quote Priority and Allocation

##### (a) Electronic Priority and Allocation.

(i) No change.

(ii) Electronic Priority Overlays. In addition to the base electronic allocation algorithms set forth in paragraph (a), the Exchange may determine to apply, on a class-by-class basis, one or more of the following priority overlays and the sequence in which the overlays apply.

(A) – (B) No change.

([c]C) Small Order Preference. The Exchange may apply a small order preference overlay, pursuant to which a DPM or LMM, as applicable, has first priority to execute against orders for five (5) contracts or fewer after all priority customer orders resting at the same price on the book at the time the Exchange received an incoming order have been filled.

(1) No change.

(2) To be eligible to receive the small order preference, the DPM or LMM, as applicable, must be quoting at the [best disseminated bid or offer on the Exchange (“BBO”)]BBO and may not be allocated a total quantity greater than the quantity the DPM or LMM, as applicable, is quoting at that price.

(3) – (4) No change.

(D) No change.

(iii) – (v) No change.

(b) Open Outcry Priority and Allocation. Orders that are represented in open outcry by Floor Brokers or PAR Officials, and bids and offers made in response to specific requests from in- crowd Market-Makers, are allocated as follows:

(i) No change.

(ii) Complex Order Priority[ Exception].

(A) A complex order [as defined in Rule 6.42.01] may be executed at a net debit or credit price without giving priority to equivalent bids (offers) in the individual series legs that are represented in the trading crowd or in the electronic book provided at least one leg of the order betters the corresponding bid (offer) of a priority customer order(s) in the electronic book by at least one minimum trading increment or a \$0.01 increment, which increment the Exchange [will] determines on a class-by-class basis.

(B) Stock-option orders and security future-option orders[, as defined in Rule 1.1(ii)(a) and Rule 1.1(zz)(a), respectively,] have priority over bids (offers) of the trading crowd but not over priority customer bids (offers) in the electronic book.

(iii) No change.

(c) Locked and Inverted Electronic Quotes.

(i) Locked Quotes. In the event a Market-Maker's disseminated quote locks (e.g., \$1.00 bid - \$1.00 offer) with another Market-Maker's disseminated quote:

(A) – (B) No change.

[(C) When the market locks in a Hybrid 3.0 class, there is no counting period. Locked quotes do not automatically execute against each other and remain locked until a quote is cancelled or changed.]

(ii) No change.

(d) Order Handling During Limit Up-Limit Down State.

(1) Market Order. A market order shall be returned by the System if the underlying security is in a limit up-limit down state. As an exception, market orders submitted to initiate an Automated Improvement Mechanism Auction will be accepted. In addition, market orders will not be returned if a Trading Permit Holder elects to route that order for manual handling.

(2) Market-on-close order. A market-on-close order shall not be elected if the underlying security is in a limit up-limit down state, as defined in Rule 6.3A. If, near the conclusion of trading, the underlying security exits the limit up-limit down state, the system will attempt to re- evaluate, elect, and execute the order.

(3) Stop (stop-loss) order. A stop order will not be triggered if the underlying security is in a limit up-limit down state. Such order will be held until the end of the limit up-limit down state, at which point the order will become eligible to be

triggered if the market for the particular option contract reaches the specified contract price.

***. . . Interpretations and Policies:***

.01 Principal Transactions: Order entry firms may not execute as principal against orders they represent as agent unless: (i) agency orders are first exposed on the Hybrid System for at least one (1) second, (ii) the order entry firm has been bidding or offering for at least one (1) second prior to receiving an agency order that is executable against such bid or offer, or (iii) the order entry firm proceeds in accordance with the crossing rules contained in Rule 6.74. In such cases, agency orders priced in penny increments are deemed “exposed” pursuant to (i) above, and order entry firm orders priced in penny increments are deemed bids or offers pursuant to (ii) above. [For Hybrid 3.0 classes, the minimum exposure time in (i) and (ii) above must be at least one (1) second but no more than thirty (30) seconds, which the Exchange will determine on a class-by-class basis.]

.02 Solicitation Orders. Order entry firms must expose orders they represent as agent for at least one (1) second before such orders may be executed electronically via the electronic execution mechanism of the Hybrid System, in whole or in part, against orders solicited from Trading Permit Holders and non-Trading Permit Holder broker-dealers to transact with such orders. In such cases, agency orders priced in penny increments are deemed “exposed” pursuant to this paragraph. [For Hybrid 3.0 classes, the minimum exposure time must be at least one (1) second but no more than thirty (30) seconds, which the Exchange will determine on a class-by-class basis.]

.03 Reserve Orders. For the non-displayed reserve portion of a reserve order, the exposure requirement in Interpretation and Policy .01 or .02 above, as applicable, is satisfied if the displayable portion of the reserve order is displayed at its displayable price for one second[ or the applicable exposure time for Hybrid 3.0 classes].

.04 Exchange Determinations. The Exchange will announce to Trading Permit Holders all determinations it makes pursuant to Rule 6.45 and its Interpretations and policies via Regulatory Circular with appropriate advanced notice or as otherwise provided. To the extent the Exchange authorizes [groups of series of] a class to trade on [different trading platforms]a group basis pursuant to Rule 8.14, Interpretation and Policy .01, the Exchange may make determinations pursuant to Rule [6.11]6.45 and its Interpretations and Policies on a group-by-group basis that would otherwise be made on a class-by-class basis.

.05 – .06 No change.

[Rule 6.46. Transactions Outside Book’s Last Quoted Range

If a transaction or the cancellation of an order causes the last displayed bid or last displayed offer of an Order Book Official to be removed from the market, no Trading Permit Holder may participate in any transaction at a price below such last bid or above such last offer until the Order Book Official has displayed a new bid or a new offer.]



## Rule 6.47. Priority on Split-Price Transactions Occurring in Open Outcry

(a) – (e) No change.

***... Interpretations and Policies:***

.01 No change.

[.02 The availability of split-price priority when an order is executed in a one-cent increment pursuant to Rule 6.13B shall be determined in accordance with Rule 6.13B(b).]

## Rule 6.48. Contract Made on Acceptance of Bid or Offer

(a) No change.

(b) Stock-option orders and security future-option orders.

(i) A bid or offer that is identified to the Exchange trading crowd as part of a stock-option order[, as defined in Rule 1.1(ii),] or a security future-option order[, as defined in Rule 1.1(zz),] is made and accepted subject to the following conditions:

(A) – (B) No change.

(ii) No change.

(c) – (d) No change.

## Rule 6.49. Transactions Off the Exchange

(a) – (c) No change.

***... Interpretations and Policies:***

.01 [On December 19, 1975, the Securities and Exchange Commission (“SEC”) adopted Rule 19c-1 under the Securities Exchange Act of 1934. On March 1, 1978, certain amendments to such Rule previously adopted by the SEC became effective. Pursuant to Section 19(c)(4)(C) of the Securities Exchange Act of 1934, Rule 19c-1 as amended is considered for all purposes of said Act to be part of the rules of the Exchange. The text of Rule 19c-1 is as follows:

Rule 19c-1, Governing Off-Board Trading by Members of National Securities Exchanges.

The Rules of each national securities exchange shall provide, on and after March 1, 1978, as follows:]

(a) No rule, stated policy, or practice of [this exchange]the Exchange [shall]may prohibit or condition, or be construed to prohibit or condition, or otherwise limit, directly or indirectly, the ability of any [member]Trading Permit Holder acting as agent to effect any transaction otherwise than on [this exchange]the Exchange with another person (except when such [member]Trading Permit Holder also is acting as agent for such other person in such transaction) in any equity security listed on [this exchange]the Exchange or to which unlisted trading privileges on [this exchange]the Exchange have been extended.

(b) No rule, stated policy, or practice of the Exchange may prohibit or condition, or be construed to prohibit, condition, or otherwise limit, directly or indirectly, the ability of any Trading Permit Holder to effect any transaction otherwise than on the Exchange in any reported security listed and registered on the Exchange or as to which unlisted trading privileges on the Exchange have been extended (other than a put option or call option issued by the Clearing Corporation) which is not a covered security.

\* \* \* \* \*

#### Rule 6.51. Reporting Duties

(a) – (d) No change.

#### *... Interpretations and Policies:*

.01 The Exchange has established the following procedure for reporting transactions pursuant to Rule 6.51(a) and (b).

For each transaction on the Exchange both the buyer and seller shall immediately record on a card or ticket, or enter in an electronic data storage medium acceptable to the Exchange, his assigned broker initial code and his clearing firm (if a Market-Maker), the symbol of the underlying security, the type, expiration month and exercise price of the option contract, the transaction price, the number of contract units comprising the transaction, the time of the transaction obtained from a source designated by the Exchange, the name of the contra Clearing Trading Permit Holder and the assigned broker initial code of the contra Trading Permit Holder. Such a record shall constitute the “transaction record.” The transaction record for any agency order shall also include the account origin code, as set forth in Interpretation .02 below. The seller in each transaction, or the buyer if designated by the Exchange, shall also within 90 seconds of the execution place a paper form copy of the transaction record in the price reporting belt provided at the station or, alternatively, shall provide the information provided for price reporting through an electronic data transmission link approved by the Exchange. Then, the buyer and seller in each transaction will immediately provide the transaction record to the Trading Permit Holder for whom the transaction was executed and/or the Clearing Trading Permit Holder that will clear the transaction. Trading Permit Holders not using electronic medium to report trades are expected to provide the transaction record to the Trading Permit Holder for whom the transaction was executed and/or to the Clearing Trading Permit Holder that will clear the trade as promptly as possible. A Trading Permit Holder receiving a report of execution from another Trading Permit Holder shall

immediately forward the report to the Clearing Trading Permit Holder that will clear the transaction.

Before submitting the transaction record information for price reporting purposes in the manner prescribed above, the Trading Permit Holder shall use his best efforts to make sure that the [Order Book Official or Designated Primary Market-Maker (“]DPM[”)]] acting in option contracts of the class involved, or [the Order Book Official’s clerk or] the DPM’s clerk, is aware of the transaction and its price. A Trading Permit Holder shall also submit the transaction record information for price reporting purposes in the manner prescribed above whenever the transaction represents the partial execution of a larger order.

\* \* \* \* \*

#### Rule 6.53. [Certain Types of Orders Defined]Availability of Orders

Unless otherwise specified in the Rules or the context indicates otherwise, the Exchange determines which[One or more] of the following order types [may be made]are available on a class-by-class and system-by-system basis. [Certain order types may not be made available for all Exchange systems. The classes and/or systems for which the order types shall be available will be as provided in the Rules, as the context may indicate, or as otherwise specified via Regulatory Circular.]

#### **AIM Sweep or AIM ISO**

An “AIM Sweep” order or “AIM ISO” is a pair of orders a Trading Permit Holder submits to AIM pursuant to Rule 6.74A without regard for better-priced Protected Bids/Offers, while simultaneously submitting an ISO(s) to execute against the displayed size of any Protected Bid/Offer and bid/offer on the Book that is better than the starting AIM auction price. Any execution(s) resulting from such sweeps accrues to the AIM Agency Order.

#### **All-or-None**

An “All-or-None” order is an order that must be executed in its entirety or not at all.

#### **Attributable**

An “Attributable” order is an order a user designates for display (price and size) that includes the users firm ID or other unique identifier.

#### **Cboe Options Only**

A “Cboe Options Only” order is an order the System handles and executes (in whole or in part) pursuant to Rules 6.13 and 6.45 or cancels if it would route away to another exchange pursuant to the Rules.

#### **Combination Order**

A “combination order” is an order involving a number of call option contracts and the same number of put option contracts in the same underlying security. In the case of adjusted option contracts, a combination order need not consist of the same number of put and call contracts if such contracts both represent the same number of shares at option.

**Day**

The term “Day” means, for an order so designated, an order that, if not executed, expires at the close of trading.

**Electronic Only**

An “Electronic Only” order is an order that may only be handled or executed (in whole or in part) via electronic processing on the Exchange without the order routing to a PAR workstation or an order management terminal for manual handling on the trading floor; the System cancels an Electronic-Only order if it would route for manual handling pursuant to the Rules.

**Facilitation**

A “Facilitation” order is an order that may only be executed in a crossing transaction against an order for a Public Customer of a Trading Permit Holder.

**Fill-or-Kill or FOK**

The terms “Fill-or-Kill” or “FOK” mean, for an order so designated, an order that must execute in its entirety as soon as the System receives it and, if not so executed, is cancelled.

**Good-til-Cancelled or GTC**

The terms “Good-til-Cancelled” or “GTC” mean, for an order so designated, if after entry into the System, the order is not fully executed, the order (or unexecuted portion) remains available for potential display or execution (with the same timestamp) unless cancelled by the entering User, or until the option expires, whichever comes first.

**Immediate-or-Cancel or IOC**

The terms “Immediate-or-Cancel” or “IOC” mean, for an order so designated, a limit order that must execute in whole or in part as soon as it is represented on the trading floor or received by the System; the System cancels an IOC order (or unexecuted portion) not executed immediately.

**Intermarket Sweep Order or ISO**

An “Intermarket Sweep Order” or “ISO” is an order that has the meaning provided in Rule 6.80, which may be executed at one or multiple price levels in the System without regard to Protected Quotations at other options exchanges (i.e., may trade through Protected Quotations). The Exchange relies on the marking of an order by a User as an ISO order when handling such order, and thus, it is the entering Trading Permit Holder’s responsibility, not the Exchange’s responsibility, to comply with the requirements relating to ISOs. The System will book an ISO not designated as immediate-or-cancel.

**Limit Order**

A “limit order” is an order to buy or sell a stated number of option contracts at a specified price or better. A limit order to buy (sell) is marketable when, at the time it enters the System or is represented on the trading floor, the order is equal to or higher (lower) than the then-current offer (bid).

**Market-on-Close or MOC**

A “Market-on-Close” or “MOC” order is a market or limit order to be executed as close as possible to the close of the market near to or at the closing price for the particular option series.

**Market Order**

A “market order” is an order to buy or sell a stated number of option contracts at the best price available at the time of execution in the System or on the trading floor.

**Market-if-Touched or MIT**

A “Market-if-Touched” or “MIT” order is an order to buy (sell) that becomes a market order when the option contract trades at or below (above) the price specified in the order.

**Market-Maker Trade Prevention**

A “Market-Maker Trade Prevention” order is an IOC order that a Trading Permit Holder marks with the Market-Maker Trade Prevention designation. If a Market-Maker Trade Prevention order would trade against a resting quote or order for the same Market-Maker, the System cancels the order as well as the resting quote or order (unless the System receives the Market-Maker Trade Prevention order while an order for the same Market-Maker is subject to an auction pursuant to Rule 6.14A, 6.74A, or 6.74B, in which case the System only cancels the Market-Maker Trade Prevention order).

**Minimum Volume**

A “Minimum Volume” order is an order that requires a specified minimum quantity of contracts to be executed on the trading floor. To the extent there is any remaining balance of a minimum volume order after the minimum volume is executed, the remaining balance will no longer have a minimum volume contingency and may be represented on the trading floor or submitted to the System for execution, unless the user cancels the remaining balance. A minimum volume order with a minimum volume size equal to the full size of the original order is considered an all-or-none order.

### **Not Held**

A “Not Held” order is an order marked “not held,” “take time,” or with any other qualifying notation and provides a Floor Broker with discretion with respect to the price or time at which the order is to be executed. An order received by a Floor Broker is considered a “Not Held” order unless the Floor Broker’s customer specifies otherwise or if the Exchange initially received the order electronically and subsequently routed the order to a Floor Broker or PAR Official pursuant to the entry firm’s routing instructions. Users must Not Held order and held orders in a form and manner prescribed by the Exchange, which will be announced via Regulatory Circular.

### **Opening Rotation or OPG**

The terms “Opening Rotation” and “OPG” order mean, for an order so designated, an order that may only participate in the opening process pursuant to Rule 6.2; the System cancels an OPG order (or unexecuted portion) that does not execute during the opening process.

### **Reserve Order**

A “Reserve Order” is a limit order with both a portion of the quantity displayed and a reserve portion of the quantity not displayed. Both the displayed and nondisplayed portions of the Reserve Order are available for potential execution against incoming orders. If the displayed portion of a Reserve Order is fully executed, the System will replenish the displayed portion from the nondisplayed portion up to the size of the original displayed amount. The System creates a new timestamp for the displayed portion each time it is replenished from reserve, while the nondisplayed portion retains its original timestamp.

### **Qualified Contingent Cross or QCC**

A “Qualified Contingent Cross” or “QCC” order consists of an initiating order to buy (sell) at least 1,000 standard option contracts or 10,000 mini-option contracts that is identified as being part of a qualified contingent trade coupled with a contra-side order or orders totaling an equal number of contracts. QCC orders with one option leg may only be entered in the standard increments applicable to simple orders in the options class under Rule 6.42, and QCC orders with more than one option leg may be entered in the increments specified for complex orders under Rule 6.42. For purposes of QCC orders:

(1) A “qualified contingent trade” is a transaction consisting of two or more component orders, executed as agent or principal, where:

(A) at least one component in an NMS stock;

(B) all components are effected with a product or price contingency that either has been agreed to by all the respective counterparties or arranged for by a broker-dealer as principle or agent;

(C) the execution of one component is contingent upon the execution of all other components at or near the same time;

(D) the specific relationship between the component orders (e.g., the spread between the prices of the component orders) is determined by the time the contingent order is placed;

(E) the component orders bear a derivative relationship to one another, represent different classes of shares of the same issuer, or involve the securities of participants in mergers or with intentions to merge that have been announced or cancelled; and

(F) the transaction is fully hedged (without regard to any prior existing position) as a result of other components of the contingent trade.

(2) QCC orders may execute without exposure provided the execution (A) is not at the same price as a Public Customer order resting in the Book and (B) is at or between the NBBO. The System will cancel a QCC order if it cannot be executed.

(3) A “QCC with Stock” order is a QCC order entered with a stock component that the Exchange will electronically communicate to a designed broker-dealer for execution on behalf of the submitting Trading Permit Holder pursuant to Rule 6.53C, Interpretation and Policy .06(g).

### **Ratio Order**

A “ratio order” is a spread, straddle, or combination order in which the stated number of option contracts to buy (sell) is not equal to the stated number of option contracts to sell (buy), provided that the number of contracts differ by a permissible ratio. For purposes of this section, a permissible ratio is any ratio that is equal to or greater than one-to-three (.333) and less than or equal to three-to-one (3.00). For example, a one-to-two (.5) ratio, a two-to- three (.667) ratio, or a two-to-one (2.00) ratio is permissible, whereas a one-to-four (.25) ratio or a four-to-one (4.0) ratio is not.

**Spread Order**

A “spread order” is an order to buy a stated number of option contracts and to sell the same number of option contracts, or contracts representing the same number of shares at option, of the same class of options.

**Stop (Stop-Loss)**

A “Stop (Stop-Loss)” order is an order to buy (sell) that becomes a market order when the Exchange last sale price or Exchange best bid (offer) for a particular option contract is equal to or above (below) the specified stop price.

**Stop-Limit**

A “Stop-Limit” order is an order to buy (sell) that becomes a limit order when the Exchange last sale price or best bid (offer) for a particular option contract is equal to or above (below) the specified stop price.

**Straddle Order**

A “straddle order” is an order to buy a number of call option contracts and the same number of put option contracts on the same underlying security which contracts have the same exercise price and expiration date; or an order to sell a number of call option contracts and the same number of put option contracts on the same underlying security which contracts have the same exercise price and expiration date. (E.g., an order to buy two XYZ July 50 calls and to buy two July 50 XYZ puts is a straddle order.) In the case of adjusted option contracts, a straddle order need not consist of the same number of put and call contracts if such contracts both represent the same number of shares at option.

**Sweep and AIM**

A “Sweep and AIM” order is a pair of orders a Trading Permit Holder submits to AIM pursuant to Rule 6.74A with an auction starting price that does not need to be within the BBO and where the Exchange will “sweep” all Protected Bids/Offer (as defined in Rule 6.80) by routing one or more ISOs, as necessary, to execute against the full displayed size of any Protected Bid/Offer that is better than the starting AIM auction price, as well as sweep all interest in the Exchange’s book priced better than the proposed auction starting price concurrent with the commencement of the AIM auction, with any execution(s) resulting from such sweeps accruing to the AIM Agency Order.

[(a) Market Order. A market order is an order to buy or sell a stated number of option contracts and is to be executed at the best price obtainable when the order reaches the post.

(b) Limit Order. A limit order is an order to buy or sell a stated number of option contracts at a specified price, or better.



(c) Contingency Order. A contingency order is a limit or market order to buy or sell that is contingent upon a condition being satisfied while the order is at the post.

(i) Market-if-touched order. A market-if-touched (MIT) order is a contingency order to buy or sell when the market for a particular option contract reaches a specified price. An MIT order to buy becomes a market order when the option contract trades at or below the order price. An MIT order to sell becomes a market order when the option contract trades at or above the order price.

(ii) Market-on-close order. A market or limit order may be designated a market-on-close order to be executed as close as possible to the closing bell, or during the closing rotation, and should be near to or at the closing price for the particular series of option contracts.

(iii) Stop (stop-loss) order. A stop order is a contingency order to buy or sell when the market for a particular option contract reaches a specified price on the Cboe Options floor. A stop order to buy becomes a market order when the option contract trades or is bid at or above the stop price on the Cboe Options floor. A stop order to sell becomes a market order when the option contract trades or is offered at or below the stop-limit price on the Cboe Options floor.

(iv) Stop-limit order. A stop-limit order is a contingency order to buy or sell when the market for a particular option contract reaches a specified price. A stop order to buy becomes a limit order when the option contract trades or is bid at or above the stop-limit price. A stop-limit order to sell becomes a limit order when the option contract trades or is offered at or below the stop-limit price.

(d) Spread Order. A spread order is an order to buy a stated number of option contracts and to sell the same number of option contracts, or contracts representing the same number of shares at option, of the same class of options.

(e) Combination Order. A combination order is an order involving a number of call option contracts and the same number of put option contracts in the same underlying security. In the case of adjusted option contracts, a combination order need not consist of the same number of put and call contracts if such contracts both represent the same number of shares at option.

(f) Straddle Order. A straddle order is an order to buy a number of call option contracts and the same number of put option contracts on the same underlying security which contracts have the same exercise price and expiration date; or an order to sell a number of call option contracts and the same number of put option contracts on the same underlying security which contracts have the same exercise price and expiration date. (E.g., an order to buy two XYZ July 50 calls and to buy two July 50 XYZ puts is a straddle order.) In the case of adjusted option contracts, a straddle order need not consist of the same number of put and call contracts if such contracts both represent the same number of shares at option.

(g) Not Held Order. A not held order is an order marked “not held”, “take time” or which bears any qualifying notation giving discretion as to the price or time at which such order is to be executed. An order entrusted to a Floor Broker will be considered a Not Held Order, unless otherwise specified by a Floor Broker’s client or the order was received by the Exchange electronically and subsequently routed to a Floor Broker or PAR Official pursuant to the order entry firm’s routing instructions. Not Held Orders and/or “held” orders must be marked in a manner and form prescribed by the Exchange and announced via Regulatory Circular.

(h) One-Cancels-the-Other (OCO) Order. A one-cancels-the-other order consists of two or more orders treated as a unit. The execution of any one of the orders causes the others to be cancelled.

(i) All-or-None Order. An all-or-none order is a market or limit order which is to be executed in its entirety or not at all.

(j) Fill-or-Kill Order. A fill-or-kill order is an order which is to be executed in its entirety as soon as it is represented in the trading crowd, and such order, if not so executed, is to be treated as cancelled.

(k) Immediate-or-Cancel Order. An immediate-or-cancel order is a market or limit order which is to be executed in whole or in part as soon as such order is represented in the trading crowd. Any portion not so executed is to be treated as cancelled.

(l) Opening Rotation Order. An opening rotation order is a market or limit order which is to be executed in whole or in part during the opening rotation of a series or not at all. Any portion not so executed is to be treated as cancelled.

(m) Facilitation Order. A facilitation order is an order which is only to be executed in whole or in part in a cross transaction with an order for a public customer of the TPH organization and which is clearly designated as a facilitation order.

(n) Ratio Order. A Ratio Order is a spread, straddle, or combination order in which the stated number of option contracts to buy (sell) is not equal to the stated number of option contracts to sell (buy), provided that the number of contracts differ by a permissible ratio. For purposes of this section, a permissible ratio is any ratio that is equal to or greater than one-to-three (.333) and less than or equal to three-to-one (3.00). For example, a one-to-two (.5) ratio, a two-to- three (.667) ratio, or a two-to-one (2.00) ratio is permissible, whereas a one-to-four (.25) ratio or a four-to-one (4.0) ratio is not.

(o) Attributable Order. An attributable order is a market or limit order which displays the user firm ID for purposes of electronic trading on the Exchange. Use of attributable orders is voluntary.

(p) Intermarket Sweep Order. An intermarket sweep order (ISO) shall have the meaning set forth in Rule 6.80. ISOs shall not be processed pursuant to Rule 6.14A. ISOs that are not designated as immediate or cancel shall book if not executed upon receipt.

(q) AIM Sweep Order. An AIM sweep order (AIM ISO) is the transmission of two orders for crossing pursuant to Rule 6.74A without regard for better priced Protected Bids/Offers (as defined in Rule 6.80) because the Trading Permit Holder transmitting the AIM ISO to the Exchange has, simultaneously with the routing of the AIM ISO, routed one or more ISOs, as necessary, to execute against the full displayed size of any Protected Bid/Offer that is superior to the starting AIM auction price and has swept all interest in the Exchange's book priced better than the proposed auction starting price. Any execution(s) resulting from such sweeps shall accrue to the AIM Agency Order.

(r) Sweep and AIM Order. A sweep and AIM order is the transmission of two orders for crossing pursuant to Rule 6.74A with an auction starting price that does not need to be within the Exchange's best bid and offer and where the Exchange will "sweep" all Protected Bids/Offers (as defined in Rule 6.80) by routing one or more ISOs, as necessary, to execute against the full displayed size of any Protected Bid/Offer that is superior to the starting AIM auction price, as well as sweep all interest in the Exchange's book priced better than the proposed auction starting price concurrent with the commencement of the AIM auction with any execution(s) resulting from such sweeps accruing to the AIM Agency Order.

(s) Cboe Options-Only Order. A Cboe Options-only order is an order to buy or sell that is to be executed in whole or in part on the Exchange without routing the order to another market center and that is to be cancelled if routing would be required under the Exchange's Rules.

(t) Reserve Order. A reserve order is a limit order that has both a displayed size as well as an additional non-displayed amount. Both the displayed and non-displayed portions of the reserve order are available for potential execution against incoming orders. If the displayed portion of a reserve order is fully executed, the System will replenish the displayed portion from reserve up to the size of the original display amount. A new timestamp is created for the replenished portion of the order each time it is replenished from reserve, while the reserve portion retains the time-stamp of its original entry.

(u) Qualified Contingent Cross Order: A qualified contingent cross ("QCC") order is an initiating order to buy (sell) at least 1,000 standard option contracts or 10,000 mini-option contracts that is identified as being part of a qualified contingent trade coupled with a contra-side order or orders totaling an equal number of contracts. QCC orders with one option leg may only be entered in the standard increments applicable to simple orders in the options class under Rule 6.42. QCC orders with more than one option leg may be entered in the increments specified for complex orders under Rule 6.42. For purposes of this order type:

(i) A "qualified contingent trade" is a transaction consisting of two or more component orders, executed as agent or principal, where:

(1) at least one component is an NMS stock, as defined in Rule 600 of Regulation NMS under the Exchange Act;

(2) all components are effected with a product or price contingency that either has been agreed to by all the respective counterparties or arranged for by a broker-dealer as principal or agent;

(3) the execution of one component is contingent upon the execution of all other components at or near the same time;

(4) the specific relationship between the component orders (e.g., the spread between the prices of the component orders) is determined by the time the contingent order is placed;

(5) the component orders bear a derivative relationship to one another, represent different classes of shares of the same issuer, or involve the securities of participants in mergers or with intentions to merge that have been announced or cancelled; and

(6) the transaction is fully hedged (without regard to any prior existing position) as a result of other components of the contingent trade.

(ii) Qualified contingent cross orders may execute without exposure provided the execution (1) is not at the same price as a public customer order resting in the electronic book and (2) is at or between the NBBO. A qualified contingent cross order will be cancelled if it cannot be executed.

(iii) QCC with Stock Orders. A “QCC with Stock Order” is a qualified contingent cross order, as defined above, entered with a stock component to be electronically communicated by the Exchange to a designated broker-dealer for execution on behalf of the submitting Trading Permit Holder pursuant to Rule 6.53C, Interpretation and Policy .06(g).

(v) Market-Maker Trade Prevention Order. A Market-Maker Trade Prevention Order is an immediate-or-cancel order that is marked with the Market-Maker Trade Prevention designation. A Market-Maker Trade Prevention Order that would trade against a resting quote or order for the same Market-Maker will be cancelled, as will the resting quote or order (unless the Market-Maker Trade Prevention Order is received while an order for the same Market-Maker is subject to an auction under Rule 6.13A, 6.14A, 6.74A or 6.74B, in which case only the Market-Maker Trade Prevention Order will be cancelled).

(w) Minimum Volume Order. A minimum volume order is an order represented in open outcry for which an execution must at least equal the minimum volume specified. To the extent there is any remaining balance of a minimum volume order after the minimum volume is executed, the remainder will no longer have a minimum fill contingency and will be represented, in open outcry or electronically, unless cancelled by the customer. A minimum volume order that has a minimum volume size equal to the full size of the original order will be considered an all-or- none order as described in Rule 6.53(i).

(x) Leg Order. A leg order is a limit order on the EBook that represents one leg of a complex order resting on the COB if the ratio of that leg is equal to or can be reduced to one (1) (e.g. 1:1, 1:2, 1:3) and the complex order is noncontingent. A leg order is a firm order that may be included in the Exchange's displayed best bid or offer ("Exchange BBO") on the EBook. A leg order functions as set forth in Rule 6.53C(c)(iv).

(y) Electronic-Only Order. An electronic-only order is an order to buy or sell that is to be executed in whole or in part via electronic processing on the Exchange without routing the order to a PAR workstation or an order management terminal for manual handling on the Exchange floor. Electronic-only orders will be cancelled if routing for manual handling would be required under Exchange Rules.

***... Interpretations and Policies:***

.01 Certain order types may be handled in a different manner when the underlying security is in a limit up-limit down state, as defined in Rule 6.3A.

A. Market Order. A market order shall be returned by the System if the underlying security is in a limit up-limit down state. As an exception, market orders submitted to initiate an Automated Improvement Mechanism Auction will be accepted. In addition, market orders will not be returned if a Trading Permit Holder elects to route that order for manual handling.

B. Market-on-close order. A market-on-close order shall not be elected if the underlying security is in a limit up-limit down state, as defined in Rule 6.3A. If, near the conclusion of trading, the underlying security exits the limit up-limit down state, the system will attempt to re-evaluate, elect, and execute the order.

C. Stop (stop-loss) order. A stop order will not be triggered if the underlying security is in a limit up-limit down state. Such order will be held until the end of the limit up-limit down state, at which point the order will become eligible to be triggered if the market for the particular option contract reaches the specified contract price.

.02 Complex orders of twelve (12) legs or less (one leg of which may be for an underlying security or security future, as applicable) must be entered on a single order ticket at time of systemization. If permitted by the Exchange (which the Exchange will announce by Regulatory Circular), complex orders of more than twelve (12) legs (one leg of which may be for an underlying security or security future, as applicable) may be split across multiple order tickets, if the Trading Permit Holder representing the complex order uses the fewest order tickets necessary to systematize the order and identifies for the Exchange the order tickets that are part of the same complex order (in a form and manner prescribed by the Exchange).]

\* \* \* \* \*

Rule 6.53C. Complex Orders on the Hybrid Trading System

(a) No change.

(b) Types of Complex Orders: Complex orders may be entered as fill-or-kill, immediate or cancel, [or as] all-or-none orders [as defined in Rule 6.53], or as good-'til-cancelled.

(c) Complex Order Book:

(i) – (iii) No change.

[(iv) Leg Orders:

(1) Generation of Leg Orders. Leg orders may be automatically generated on behalf of complex orders so that they are represented in the individual leg markets. Specifically, the System will evaluate the COB when a complex order enters the COB, when the Exchange BBO changes and at a regular time interval to be determined by the Exchange (which interval shall not exceed one (1) second) to determine whether leg orders may be generated or displayed in accordance with the provisions in subparagraphs (A) through (C) below. The Exchange may determine to limit the number of leg orders generated on an objective basis.

(A) A leg order will be automatically generated for a leg of a complex order resting on the top of the COB: (I) if the price of the complex order is inside the “derived net market,” which is based on the derived net price of the best-priced orders or quotes (other than leg orders) in the EBook, and (II) at a price at which net price execution of the complex order can be achieved if the other leg(s) of the complex order executes against the best- priced orders or quotes (other than leg orders). Notwithstanding the foregoing, a leg order will not be generated if it would lock or cross the NBBO. Leg orders will only be generated in the minimum increment of the leg series, and the price of a leg order will be rounded down (bid) or up (offer) to the nearest minimum increment if it would otherwise be priced in a smaller increment than the minimum.

(B) A leg order will only be displayed in the EBook if the price matches or improves the Exchange BBO. If multiple resting complex orders in different strategies generate leg orders for the same price on the same side of a series, then the leg order with the largest size will be displayed. If such leg orders are also for the same size, then the first leg order generated will be displayed.

(C) The size of a leg order will be the lesser of (I) the size of the complex order and (II) the maximum size available in the EBook for the other leg(s) of the complex order (divided by the leg ratio, if applicable). If multiple resting complex orders in the same strategy generate leg orders for the same price on the same side of

a series, then the sizes of the leg orders will be aggregated (those leg orders will be treated as a single order until execution).

(2) Execution of Leg Orders.

(A) Leg orders (including any nondisplayed leg orders) will only execute after all other executable orders and quotes (including any nondisplayed size) at the same price are executed in full. Leg orders at the same price will execute pursuant to the priority and execution rules applicable to the complex orders they represent as set forth in Rule 6.53C(c)(ii), except that displayed leg orders will have higher priority than nondisplayed leg orders. A leg order may not execute against another leg order.

(B) When a leg order executes against an incoming order or quote, the other leg(s) of the complex order represented by the leg order will automatically execute against the best-priced resting orders or quotes (other than leg orders) that would cause net price full or partial (in a permissible ratio) execution of the complex order. Any leg orders on the opposite side of the legs of the executing complex order will be cancelled prior to the execution of that complex order. Upon execution of the complex order, any leg orders that represent other legs of the complex order will be cancelled. If such execution was a partial execution, the System may generate leg orders for the remaining size of the complex order in accordance with subparagraph (iv)(1).

(3) Removal or Cancellation of Leg Orders.

(A) The System will remove from display in the EBook a leg order if the price of the leg order is no longer at the Exchange BBO or if a complex order in a different strategy generates a larger-sized leg order at the same price. Any leg orders removed from display in the EBook will remain in the EBook as nondisplayed orders and will be eligible for execution as set forth in subparagraph (iv)(2) above.

(B) The System will cancel a leg order if: (I) execution at the price of the leg order would no longer achieve the net price of the complex order when the other leg(s) executes against the best-priced orders or quotes (other than leg orders); (II) the complex order executes in full or in part against another complex order; or (III) the complex order is cancelled or modified (e.g., change in price). Additionally, the System will cancel a leg order as set forth in subparagraph (iv)(2) above.]

(d) No change.

*... Interpretations and Policies:*

.01 – .05 No change.

.06 Special Provisions Applicable to Stock-Option Orders: Stock-option orders may be executed against other automated stock-option orders. Stock-option orders will not be legged against the individual component legs, except as provided in paragraph (d) below[, and leg orders will not be generated pursuant to paragraph (c)(iv) of this Rule for stock-option orders].

(a) No change.

(b) Option Component. Notwithstanding the special priority provisions contained in paragraphs (c) and (d) below, the option leg(s) of a stock-option order shall not be executed on the Hybrid System (i) at a price that is inferior to the Exchange's best bid (offer) in the series or (ii) at the Exchange's best bid (offer) in that series if one or more priority customer orders are resting at the best bid (offer) price on the [E]book in each of the component option series and the stock- option order could otherwise be executed in full (or in a permissible ratio). The option leg(s) of a stock-option order may be executed in a one-cent increment, regardless of the minimum quoting increment applicable to that series.

(1) No change.

(2) To the extent that a stock-option order resting in COB becomes marketable against the [derived net market]Exchange Spread Market, the full order will be subject to COA (and the processing described in paragraph (b)(1) of this Interpretation and Policy). [The "derived net market" for a strategy will be calculated using the Exchange's best bid or offer in the individual option series leg(s) and the NBBO in the stock leg.]

(c) – (f) No change.

(g) QCC with Stock Orders. The System processes QCC with Stock Orders as follows:

(1) Entry of QCC with Stock Order. When a Trading Permit Holder enters a QCC with Stock Order on the Exchange, it enters a QCC order pursuant to Rule 6.53[(u)] with a stock component (pursuant to Rule 6.53[(u)(iii)]). When entering a QCC with Stock Order, the Trading Permit Holder must:

(A) – (C) No change.

(2) – (3) No change.

QCC with Stock Orders are available to Trading Permit Holders on a voluntary basis.

.07 Reserved



[Leg Orders and Auctions:

If there is an auction occurring in a leg series at the time that a leg order in that series would otherwise be generated pursuant to paragraph (c)(iv) of this Rule:

a) If the leg order would be on the same side of the market as the auctioned order with a price worse than the initial auction price of the auctioned order, then the leg order will be generated and the auction will continue.

(b) If the leg order would be on the same side of the market as the auctioned order with a price equal to or better than the initial auction price of the auctioned order, then no leg order would be generated and the auction will continue. A leg order may later be generated after execution of the auctioned order.

(c) If the leg order would be on the opposite side of the market as the auctioned order with a price that locks or crosses the initial auction price of the auctioned order, then no leg order would be generated and the auction will continue. A leg order may later be generated after execution of the auctioned order.

(d) If the leg order would be on the opposite side of the market as the auctioned order with a price that does not lock or cross the initial auction price of the auctioned order, then the leg order will be generated and the auction will continue.]

.08 Price Check Parameters: On a class-by-class basis, the Exchange may determine (and announce to the Trading Permit Holders via Regulatory Circular) which of the following price check parameters will apply to eligible complex orders. Paragraph (b) will not be applicable to stock-option orders.

\* \* \* \* \*

(d) Buy-Buy (Sell-Sell) Strategy Parameters: A limit order where (1) all the components of the strategy are to buy and the order is priced at zero, any net credit price, or a net debit price that is less than the number of individual option series legs in the strategy (or applicable ratio) multiplied by the applicable minimum net price increment for the complex order; or (2) all the components of the strategy are to sell and the order is priced at zero, any net debit price, or a net credit price that is less than the number of individual option series legs in the strategy (or applicable ratio) multiplied by the applicable minimum net price increment for the complex order. Such complex orders under this paragraph (d) will not be accepted. In classes where this price check parameter is available, it will also be available for stock-option orders (and the minimum net price increment calculation above will only apply to the individual option series legs). In addition, in classes where this price check parameter is available, it will also be available for COA responses under Rule 6.53C(d), AIM and Solicitation Auction Mechanism complex orders and responses under Rule 6.74A and 6.74B, customer-to-customer immediate cross complex orders under Rule 6.74A.08, and [qualified contingent cross] QCC orders[ under Rule 6.53(u)]. Such paired complex orders and responses under these provisions will not be accepted except that, to the extent that only a paired contra-side

order subject to an auction under Rule 6.74A or 6.74B exceeds this price check parameter, the contra-side order will not be accepted and the paired original Agency Order will not be accepted or, at the order entry firm's discretion (i.e. an AIM Retained ("A:AIR") order, as defined in Interpretation and Policy .09 to Rule 6.74A), continue processing as an unpaired complex order.

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.10 Reserved[Execution of Complex Orders in Hybrid 3.0 Classes: For each class trading on the Hybrid 3.0 Platform, the Exchange may determine to not allow marketable complex orders entered into COB and/or COA to automatically execute against individual quotes residing in the EBook. The Exchange also may determine for each class trading on the Hybrid 3.0 Platform to not allow leg orders to be generated pursuant to paragraph (c)(iv) for complex orders resting in the COB. If the Exchange authorizes a group of series of a Hybrid 3.0 class for trading on the Hybrid Trading System pursuant to Rule 8.14.01, this Interpretation and Policy .10 applies to a complex order with at least one leg in a series from the group authorized for trading on the Hybrid 3.0 Platform, including if the order has another leg(s) in a series from the group authorized for trading on the Hybrid Trading System. The allocation of such marketable complex orders against orders residing in the EBook and other complex orders shall be based on the best net price(s) and, at the same net price, multiple orders will be allocated as provided in paragraphs (c) and/or (d) in the Rule, as applicable, subject to the following:

(a) A marketable complex order that solely consists of a group of series that is authorized for trading on the Hybrid 3.0 Platform will automatically execute against individual orders residing in the EBook provided the complex order can be executed in full (or in a permissible ratio) by the orders in the EBook and the orders in the EBook are priced equal to or better than the individual quotes residing in the EBook. A marketable complex order that consists of a group of series that is authorized for trading on the Hybrid 3.0 Platform and a group of series authorized for trading on the Hybrid Trading System will not automatically execute against individual orders residing in the EBook.

(b) Complex orders that are marketable against each other will automatically execute provided the execution is at a net price that has priority over the individual orders and quotes residing in the EBook.

(c) To the extent that a marketable complex order cannot automatically execute in full (or in a permissible ratio) when it is routed to COB or after being subject to COA, any part of the order that may be executed will be executed automatically and the part of the order that cannot automatically execute will route via the order handling system pursuant to Rule 6.12.

(d) To the extent that a complex order resting in COB becomes marketable and cannot automatically execute in full (or in a permissible ratio), the full order will be subject to COA (and the processing described in paragraph (c) of this Interpretation and Policy).

(e) On receipt of any COA-eligible order, the Exchange will send an RFR message to all Trading Permit Holders who have elected to receive RFR messages. The RFR message will identify the component series, the size and side of the market of the COA-eligible order and any contingencies, if applicable.]

.11 No change.

[.12 Nondisplayed Leg Orders: Any generated leg order that does not satisfy the requirements to be displayed as set forth under subparagraph (iv)(1)(B) in this Rule will be nondisplayed. Any nondisplayed leg orders (including leg orders removed from display) will remain in the EBook and be eligible for execution as set forth in subparagraph (iv)(2) in this Rule but will not be visible in the EBook depth.]

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#### [Rule 6.65. Written Contracts

(a) When Required. On “seller’s option” transactions in stocks, on “seller’s option” transactions in bonds for more than seven days, and on all transactions made “when issued” or “when distributed” that are not submitted to the Exchange for comparison pursuant to such rules as the Exchange may from time to time adopt to govern such transactions, written contracts shall be exchanged no later than the second business day following the transaction.

(b) Powers of Attorney to Employees. Such contracts must be signed by a Trading Permit Holder, by a general partner or a duly authorized officer of a TPH organization, or the Trading Permit Holder or TPH organization may authorize one or more employees to sign in the name of such Trading Permit Holder or TPH organization with the same effect as if the name of such Trading Permit Holder or TPH organization had been signed under like circumstances by such member, general partner or duly authorized officer by executing and filing with the exchange, in the form prescribed by it, a power of attorney or authorization for each person so authorized. Before the name of any TPH organization is affixed to such a contract by an officer or employee thereof, the TPH organization shall file with the Exchange in the form prescribed by it evidence that such officer or employee has been authorized to sign such contracts on behalf of the TPH organization.

(c) Liability. When written contracts have been exchanged, only the Trading Permit Holders or TPH organizations whose names have been so signed thereon shall be liable.

(d) Failure or Refusal to Exchange Contracts. A Trading Permit Holder or TPH organization may close a contract as provided in Rule 10.13 in the event that the other party to the contract neglects or refuses to exchange written contracts as required herein.

#### *... Interpretations and Policies:*

.01 Sample Written Contract— “Seller’s Option” Contract for Bonds:

\_\_\_\_\_ (Firm Name)

Date \_\_\_\_\_

\$ \_\_\_\_\_ Bonds.

\_\_\_\_\_ have

{SOLD to/PURCHASED of}

\_\_\_\_\_ par value

Bonds at \_\_\_\_\_ payable and deliverable \_\_\_\_\_, either party having the right to call for deposits, according to the requirements of the Rules of the Cboe Exchange, Inc.; and on the failure of the party called upon to comply therewith, this contract shall mature, with the right and authority to the party not in default to close the contract in accordance with the Rules of the Cboe Exchange, Inc..

By: \_\_\_\_\_

.02 Sample Written Contract— “Seller’s Option” Contract for Stock:

\_\_\_\_\_ (Firm Name)

Date \_\_\_\_\_

\_\_\_\_\_ Shares. \_\_\_\_\_ have {SOLD to/PURCHASED of} \_\_\_\_\_ shares of the \_\_\_\_\_ stock of the \_\_\_\_\_ at \_\_\_\_\_ per share payable and deliverable \_\_\_\_\_, either party having the right to call for deposits, according to the requirements of the Rules of the Cboe Exchange, Inc.; and on the failure of the party called upon to comply therewith, this contract shall mature, with the right and authority to the party not in default to close the contract in accordance with the Rules of the Cboe Exchange, Inc..

By: \_\_\_\_\_

.03 Sample Written Contract— “When Issued” or “When Distributed” Contract:

\_\_\_\_\_ (Firm Name)

Date \_\_\_\_\_

Sold to/Purchased From	Quantity	Description of Security	Price
_____	_____	_____	_____

This contract shall be settled and payment therefor made at such time and place, in such manner, and by the delivery of such securities and/or other property as the Cboe Exchange, Inc. may determine, or shall be cancelled and thereafter shall be null and void if the Exchange determines that the plan or proposal pursuant to which the securities were to be issued or distributed has been abandoned or materially changed or that the securities which are the subject of the contract have been materially changed. During the pendency of this contract either party shall have the right to call for a mark to the market, and upon failure of

the other party to comply therewith the party not in default may close this contract in accordance with the requirements of the Exchange.]

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#### Rule 6.73. Responsibilities of Floor Brokers

(a) No change.

(b) Handling of Certain Orders [Contingency order or one-cancels-the-other order]. A Floor Broker handling a [contingency order or] market-if-touched order, market-on-close order, stop order, or stop-limit order [a one-cancels-the-other order] that is dependent upon the price of the underlying security shall be responsible for satisfying the dependency requirement on the basis of the last reported price of the underlying security in the primary market that is generally available on the floor of the Exchange at any given time. Unless mutually agreed by the Trading Permit Holders involved, an execution or non-execution that results shall not be altered by the fact that such price is subsequently found to have been erroneous.

(c) No change.

#### *. . . Interpretations and Policies:*

.01 – .05 No change.

.06 Pursuant to Rule 6.73(a), an order entrusted to a Floor Broker will be considered a Not Held Order[ as defined in Rule 6.53(g)], unless otherwise specified by a Floor Broker's client or the order was received by the Exchange electronically and subsequently routed to a Floor Broker or PAR Official pursuant to the order entry firm's routing instructions.

#### Rule 6.74. Crossing Orders

Generally. The rules of priority and order allocation procedures set forth in this Rule shall apply only to crossing orders in open outcry. For purposes of establishing priority for bids and offers, at the same price: (A) bids and offers of ICMPs have first priority, except as is otherwise provided in the Rule below with respect to priority customer orders resting in the electronic book; and (B) all other bids and offers (including bids and offers of broker-dealer orders in the electronic book and electronic quotes of Market-Makers) have second priority.

In addition, in order to transact proprietary orders on the floor of the Exchange pursuant to this Rule, Trading Permit Holders must ensure that they qualify for an exemption from Section 11(a) (1) of the Exchange Act. Notwithstanding the priority provisions otherwise applicable under this Rule, Trading Permit Holders relying on Section 11(a)(1)(G) of the Exchange Act and Rule 11a1-1(T) thereunder (the "G" exemption) as an exemption must yield priority to any bid or offer at the same price of priority customer orders and broker-dealer orders resting in the electronic book, as well as any other bids and offers that have

priority over such broker-dealer orders under this Rule. In the event a Floor Broker that is asserting a crossing participation entitlement for its proprietary order pursuant to paragraph (d) below must yield priority in reliance on the “G” exemption and a DPM or LMM, as applicable, is asserting a participation entitlement, the Floor Broker’s crossing percentage entitlement to the remaining balance of the original order, when combined with the DPM/LMM guaranteed participation, shall not exceed 40% of the order. However, provided the “G” exemption requirements are satisfied, nothing prohibits a Floor Broker or DPM/LMM from trading more than their applicable percentage entitlement if other ICMPs do not chose to trade the remaining portion of the order. For purposes of this Rule, the term “proprietary order” means an order for a Trading Permit Holder’s own account, the account of an associated person, or an account with respect to which it or an associated person thereof exercises investment discretion.

(a) A Floor Broker who holds orders to buy and sell the same option series may cross such orders, provided that he proceeds in the following manner:

(i) In accordance with his responsibilities for due diligence, a Floor Broker shall request bids and offers for such option series and make all ICMPs[, including the Order Book Official (if applicable),] aware of his request.

(ii) – (iii) No change.

(b) – (c) No change.

(d) Notwithstanding the provisions of paragraphs (a) and (b) of this Rule, when a Floor Broker holds an option order for the eligible order size or greater (“original order”), the Floor Broker is entitled to cross a certain percentage of the order with other orders that he is holding or in the case of a public customer order with a facilitation order of the originating firm (i.e., the firm from which the original customer order originated). The Exchange may determine on a class-by- class basis to include solicited orders within the provisions of paragraph (d) of this Rule. In addition, the Exchange may determine on a class-by-class basis the eligible size for an order that may be transacted pursuant to paragraph (d) of this Rule, however, the eligible order size may not be less than 50 standard option contracts or 500 mini-option contracts. In accordance with his responsibilities for due diligence, a Floor Broker representing an order of the eligible order size or greater that he wishes to cross shall request bids and offers for such option series and make all persons in the trading crowd, including [the Order Book Official or] the PAR Official, aware of his request.

(i) – (ii) No change.

(iii) In determining whether an order satisfies the eligible order size requirement, any multi-part or complex order [(including a spread, straddle, combination, or ratio order (or a stock-option order or security future-option order, as defined in Rule 1.1(ii)(b) and Rule 1.1(zz)(b), respectively) or any other complex order defined in Rule 6.53C)] must contain one leg alone which is for the eligible order size or greater. If the same TPH organization is the originating firm and also the

[Designated Primary Market-Maker (“DPM[”]) or [Lead Market-Maker (“LMM[”])] for the particular class of options to which the order relates, then the DPM or LMM is not entitled to any of the DPM or LMM guaranteed participation rate with respect to the particular cross transaction.

(iv) – (viii) No change.

[(e) Reserved]

***... Interpretations and Policies:***

.01 Reserved[The term “public customer of a TPH organization” shall mean, in connection with Rules 6.53(m) and 6.74(b), a customer that is neither a Trading Permit Holder nor a broker/dealer.]

.02 No change.

.03 A complex order [as defined in Rule 6.42.01] or an inter-regulatory spread [as defined in Rule 1.1(ll)] on opposite sides of the market may be crossed, provided that the Floor Broker holding such orders proceeds in the manner described in paragraphs (a), (b), or (d) above as appropriate. Trading Permit Holders may not prevent such a cross from being completed by giving a competing bid or offer for one component of such order.

\* \* \* \* \*

**Rule 6.75. Discretionary Transactions**

No Floor Broker shall execute or cause to be executed any order or orders on this Exchange with respect to which such Floor Broker is vested with discretion as to: (1) the choice of the class of options to be bought or sold, (2) the number of contracts to be bought or sold, or (3) whether any such transaction shall be one of purchase or sale; however, the provisions of this paragraph shall not apply to any discretionary transaction executed by a Market-Maker for an account in which he has an interest. Unless an order was received by the Exchange electronically and subsequently routed to a Floor Broker or PAR Official pursuant to the order entry firm’s routing instructions or it is otherwise specified by a Floor Broker’s client, an order entrusted to a Floor Broker will be considered a Not Held Order[ as defined in Rule 6.53(g)].

\* \* \* \* \*

**[Rule 6.76. Payment for Floor Brokerage Services**

When a Trading Permit Holder acts as a floor broker for another Trading Permit Holder and is to receive remuneration for such brokerage services, then payment of these brokerage commissions shall be made no later than the twenty-fifth day of the month, provided that an invoice detailing the brokerage charges for the services performed is delivered to the Trading Permit Holder receiving such brokerage services no later than the fifth business day of that month.

*... Interpretations and Policies:*

.01 In the event of a dispute as to the amount of brokerage due, the amount agreed upon as owed shall be payable in accordance with the provisions of this Rule.

.02 Nothing in this Rule will operate to supersede any pre-existing agreement between Trading Permit Holders for the payment of commissions.

Rule 6.76A. Automated Billing Process for Market-Maker Brokerage Bills

(a) The Exchange shall administer the following automated billing process for brokerage services that are provided to Market-Makers by Floor Brokers and order service firms (“OSFs”):

(i) Each Floor Broker and OSF shall submit a written bill by the 6th day of the month to each Market-Maker customer of the Floor Broker or OSF for brokerage fees incurred by the Market-Maker during the prior month.

(ii) For the purposes of this Rule, the submission of a written bill to a Market-Maker shall be deemed to include hand delivery of the bill to the Market-Maker, hand delivery of the bill to a representative of the Market-Maker such as the Market-Maker’s clerk, or delivery of the bill to the Market-Maker’s Clearing Trading Permit Holder with a written notation that the bill is for the Market-Maker.

(iii) A Market-Maker who receives a brokerage bill from a Floor Broker or OSF in accordance with this billing process shall have until the 10th day of the month to inform the Floor Broker or OSF if the Market-Maker disputes any portion of the bill. In the event the Market-Maker disputes the bill, the Floor Broker or OSF may determine to adjust the bill.

(iv) A Floor Broker or OSF that has submitted a written bill to a Market-Maker by the 6th day of the month for brokerage fees incurred by the Market-Maker during the prior month shall notify the Exchange’s Accounting Department by the 12th day of the month in a form and manner prescribed by the Exchange of the amount to bill each Market-Maker customer of the Floor Broker or OSF for brokerage fees incurred by the Market-Maker during the prior month.

(v) The Exchange shall take direction solely from the Floor Broker or OSF with respect to the amount to bill a Market-Maker pursuant to this billing process. If for any reason a Market-Maker disputes the amount a Floor Broker or OSF has instructed the Exchange to bill the Market-Maker pursuant to this billing process, the Market-Maker may pursue a claim against the Floor Broker or OSF in arbitration under Chapter XVIII of the Rules or through other means permitted by that Chapter.

(vi) The Accounting Department shall prepare a monthly Market-Maker floor brokerage billing list for each Clearing Trading Permit Holder that clears Market-Maker transactions and provide this list to each such Clearing Trading Permit Holder



by the 21st day of the month. The list shall set forth the amounts Floor Brokers and OSFs have instructed the Accounting Department to bill each Market-Maker that clears through that Clearing Trading Permit Holder for brokerage fees incurred by the Market-Maker during the prior month.

(vii) A Clearing Trading Permit Holder may instruct the Accounting Department in a form and manner prescribed by the Exchange not to draft the Clearing Trading Permit Holder pursuant to this billing process for that portion of the brokerage fees billed to a Market- Maker which would cause the Market-Maker to have a negative balance in the Market- Maker's account at the Clearing Trading Permit Holder. Any such instruction must be provided to the Accounting Department by the 22nd day of the month. In determining whether a negative balance would result in a Market-Maker's account, a Clearing Trading Permit Holder may take into account deductions from the account that have been accrued but which have not yet posted to the account.

(viii) On the 25th day of the month, the Exchange will draft from each Clearing Trading Permit Holder's account at the Clearing Corporation the total amount billed pursuant to this Rule to Market-Makers that clear through that Clearing Trading Permit Holder (with the exception of amounts the Clearing Trading Permit Holder has instructed the Accounting Department not to draft pursuant to subparagraph (a)(vii) of this Rule). Following the draft of these funds, the Exchange shall promptly distribute the amounts drafted in a manner prescribed by the Exchange to the Floor Brokers and OSFs that provided billing instructions to the Accounting Department pursuant to this billing process.

(ix) In the event a Clearing Trading Permit Holder instructs the Accounting Department pursuant to subparagraph (a)(vii) of this Rule not to draft a portion of the brokerage fees billed to a Market-Maker:

(A) The Exchange shall, pursuant to subparagraph (a)(viii) of this Rule, distribute on a pro rata basis to the Floor Brokers and OSFs that submitted instructions to bill the Market- Maker, the portion of the brokerage fees which were drafted from the Clearing Trading Permit Holder for that Market-Maker. This pro rata distribution shall be allocated based on the amount that each Floor Broker and OSF instructed the Accounting Department to bill the Market-Maker.

(B) If the Market-Maker later has a positive balance in the Market-Maker's account at the Clearing Trading Permit Holder the Clearing Trading Permit Holder shall deduct from the account the amount of the brokerage fees that the Clearing Trading Permit Holder previously instructed the Accounting Department not to draft. The Clearing Trading Permit Holder shall then promptly distribute to those Floor Brokers and OSFs who previously did not receive full payment the amounts which were previously billed but not drafted pursuant to this billing process. To the extent that any outstanding amounts that were not previously drafted have been paid to a Floor Broker or

OSF, the Clearing Trading Permit Holder shall not be required to deduct these amounts from the Market-Maker's account and distribute them to the Floor Broker or OSF.

(x) If a Floor Broker or OSF fails to submit a written bill to a Market-Maker customer by the 6th day of the month for brokerage fees incurred by the Market-Maker during the prior month or if a Floor Broker or OSF fails to notify the Accounting Department by the 12th day of the month in the form and manner prescribed by the Exchange of the amount to bill each Market-Maker customer for brokerage fees incurred by the Market-Maker during the prior month, the Floor Broker or OSF may not bill the Market-Maker for these brokerage fees pursuant to the billing process set forth in this Rule. Notwithstanding the foregoing, the Floor Broker or OSF shall still be permitted to bill the Market-Maker for these brokerage fees in the regular, non-automated fashion.

(xi) In the event that any of the deadlines referenced in this Rule fall on a non-business day, the deadline shall advance to the next business day.

(b) Each Clearing Trading Permit Holder shall be authorized under this Rule (i) to deduct from a Market-Maker's account at that Clearing Trading Permit Holder amounts drafted by the Exchange from the Clearing Trading Permit Holder's account at the Clearing Corporation pursuant to this Rule for brokerage fees billed to that Market-Maker and (ii) to make deductions from the Market-Maker's account at the Clearing Trading Permit Holder and distributions to Floor Brokers and OSFs of the deducted amounts in accordance with subparagraph (a)(ix)(B) of this Rule.

(c) The Clearing Corporation shall have no liability to Trading Permit Holders or associated persons in connection with the billing process under this Rule.

(d) To the extent that there is any inconsistency between the provisions of this Rule and the provisions of Rule 6.76, the provisions of this Rule shall govern with respect to the bills processed pursuant to the billing process under this Rule.]

\* \* \* \* \*

#### Rule 6.79. Floor Broker Practices

(a) – (f) No change.

(g) Documentation of Errors and Record Keeping Requirements. All transactions executed for a floor broker's error account must be documented. These records must be retained for a minimum of three years, the first two years in an easily accessible place.

[Rules adopted by the SEC under t]The [Securities] Exchange Act [of 1934 (the "Act")] requires that a floor broker keep a copy of every order the floor broker receives, including orders received via hand signals or phone, and all cancelled orders and unexecuted orders. A floor broker may arrange to have these records kept on the floor broker's

behalf; however, it is still the responsibility of the floor broker to produce such documents upon request. These records must be retained for a minimum of three years, the first two years in an easily accessible place. Failure to do so is a violation of the Exchange Act, SEC Rules 17a-3 and 17a-4, and Cboe Options Rules 4.2 (“Adherence to Law”) and 15.1 (“Maintenance, Retention and Furnishing of Books, Records and Other Information”).

\* \* \* \* \*

### Rule 8.3. Appointment of Market-Makers

(a) – (b) No change.

(c) Market-Maker Appointments. Absent an exemption by the Exchange, an appointment of a Market-Maker confers the right to quote electronically and in open outcry in the Market-Maker’s appointed classes during Regular Trading Hours as described below. Subject to paragraph (e) below, a Market-Maker may change its appointed classes upon advance notification to the Exchange in a form and manner prescribed by the Exchange.

(i) [Hybrid Classes]VTC Appointments. Subject to paragraphs (c)(iv) and (e) below, a Market-Maker can create a Virtual Trading Crowd (“VTC”) appointment, which confers the right to quote electronically during Regular Trading Hours in an appropriate number of [Hybrid] classes [(as defined in Rule 1.1(aaa))] selected from “tiers” that have been structured according to trading volume statistics, except for the AA tier. All classes within a specific tier will be assigned an “appointment cost” depending upon its tier location. The following table sets forth the tiers and related appointment costs.

\* \* \* \* \*

(iii) Reserved [Hybrid 3.0 Class. In addition to paragraphs (i) and (ii) above, and subject to paragraphs (c)(iv) and (e) below, a Market-Maker can select as the Market-Maker’s appointment a Hybrid 3.0 class traded on the Exchange, which confers the right to trade in open outcry in the Hybrid 3.0 class during Regular Trading Hours as described below. Each Hybrid 3.0 class is assigned an “appointment cost”, which is set forth below.

Hybrid 3.0 Class	Appointment Cost
None	

]

(iv) Each Regular Trading Hours Trading Permit held by a Market-Maker has an appointment credit of 1.0. A Market-Maker may select for each Regular Trading Hours Trading Permit the Market-Maker holds any combination of Hybrid classes[ and Hybrid 3.0 classes,] whose aggregate appointment cost does not

exceed 1.0. The Exchange will rebalance the tiers (excluding the “AA” tier above and the Global Trading Hours tier in Rule 6.1A) set forth in subparagraph (i) above once each calendar quarter, which may result in additions or deletions to their composition, and announce such rebalances via Regulatory Circular at least ten (10) business days before the rebalance takes effect. When a class changes tiers it will be assigned the appointment cost of that tier. Upon rebalancing, each Market-Maker with a VTC appointment will be required to hold the appropriate number of Regular Trading Hours Trading Permits reflecting the revised appointment costs of the Hybrid classes constituting the Market-Maker’s appointment. If, after 3:30 p.m. (Central Time) on the business day before a rebalance is to take effect, a Market-Maker with a VTC appointment holds a combination of appointments whose aggregate revised appointment cost is greater than the number of Regular Trading Hours Trading Permits that Market-Maker holds, the Market-Maker will be assigned as many Regular Trading Hours Trading Permits as necessary to ensure that the Market-Maker no longer holds a combination of appointments whose aggregate revised appointment cost is greater than the number of Regular Trading Hours Trading Permits that Market-Maker holds.

(v) No change.

(d) No change.

(e) The Exchange in its discretion may determine to establish one or more types of “tier appointments.” A “tier appointment” means an appointment to trade one or more options classes that must be held by a Market Maker to be eligible to trade the options class or options classes subject to that appointment. The Exchange shall announce the types of tier appointments that it has established. A Market-Maker that seeks to trade an options class or options classes subject to a tier appointment must submit an application for that tier appointment in accordance with, and subject to the same terms and conditions as, the application process set forth for Trading Permits in paragraph (b) of Rule 3.1. Issuance of tier appointments shall be in accordance with, and subject to the same terms and conditions as, the issuance processes set forth for Trading Permits in paragraph (b) of Rule 3.1. A Market-Maker that is issued a tier appointment must designate to the Exchange the Trading Permit with which that tier appointment is associated, and may designate no more than one tier appointment per Trading Permit. A tier appointment shall be for the same term as the Trading Permit with which that tier appointment is associated. Termination, change, renewal, and transfer of tier appointments shall be in accordance with, and subject to the same terms and conditions as, the processes set forth for Trading Permits in paragraphs (c) and (d) of Rule 3.1. Tier appointments shall be subject to such fees and charges as are established by the Exchange from time to time pursuant to Rule 2.20<sup>1</sup> and the Exchange Fee Schedule. In accordance with, and subject to same terms and conditions as, the processes set forth for Trading Permits in subparagraphs (a)(vi) – (a)(viii) of Rule 3.1, the Exchange shall have the authority with respect to any type of tier appointment it has determined to establish to limit or reduce the number of that type of tier appointment, to increase the number of that type of tier appointment, and to establish

objective standards to be issued, or to have renewed, that type of tier appointment. Notwithstanding the foregoing, nothing in this rule shall eliminate or restrict the Exchange's authority to delist any product or to take any action (remedial or otherwise) under the Act, the Bylaws and the Rules, including without limitation the Exchange's authority to take disciplinary or market performance actions against a person with respect to which the Exchange has jurisdiction under the Act, the Bylaws and the Rules.

[Rule 8.3A. Maximum Number of Trading Permit Holders Quoting Electronically Per Product

With respect to products trading on the Hybrid Trading System, the Exchange will impose an upper limit on the aggregate number of Trading Permit Holders that may quote electronically in each product during each trading session ("Class Quoting Limit" or "CQL"). (For purposes of this Rule, the term "product" refers to all options of the same single underlying security/value.) Interpretations and Policies .01 specifies the Class Quoting Limits for all products trading on Hybrid.

When a CQL is established for each product, the following criteria govern which Trading Permit Holders are entitled to quote electronically in that subject product. A Market-Maker that is not eligible to quote electronically in a product may quote in open outcry in that product.

(a) Products Trading on the Hybrid Trading System

The DPM or LMM(s) assigned to the product and Market-Makers who hold an appointment in the product are entitled to quote electronically in those products for as long as they maintain an appointment in those products.

All other Market-Makers that request the ability to submit quotes electronically in the subject product will be entitled to quote electronically in that product in the order in which they so request provided the number of Trading Permit Holders quoting electronically in the product does not exceed the CQL. When the number of Trading Permit Holders in the product quoting electronically equals the CQL, all other Trading Permit Holders requesting the ability to quote electronically in that product will be wait-listed in the order in which they submitted the request.

The waiting list operates based on time priority. When the product can accommodate another electronic quoter (whether due to attrition or an increase in the CQL), the Trading Permit Holder at the "top" of the list (i.e., the Trading Permit Holder that has been on the waiting list the longest amount of time) has priority. Once a Trading Permit Holder is wait-listed, the Exchange may not alter his/her position on the wait-list other than to improve such position (i.e., the Exchange may not place other Trading Permit Holders ahead of a previously wait-listed Trading Permit Holder). If a wait-listed Trading Permit Holder is offered, yet refuses, the ability to quote electronically in the subject product, the Trading Permit Holder will be removed from that waiting list.

(b) Products Added to the Hybrid Trading System: With respect to a product that is added to the Hybrid Trading System, the DPM or LMM(s) appointed to the product will be entitled to quote electronically. All Market-Makers holding an appointment in the product prior to its addition to the Hybrid Trading System will be entitled to quote electronically. If at the time a product is added to the Hybrid Trading System the aggregate number of DPMs or LMMs and Market-Makers entitled to quote electronically in the product exceeds the CQL, then the product will have an “increased CQL,” as described in Interpretations and Policies .01. Reduction of any “increased CQL” will be in accordance with the procedures described in Interpretations and Policies .01.

All other Trading Permit Holders will be entitled to quote electronically in that product in the order in which they so request provided the number of Trading Permit Holders quoting electronically in the product does not exceed the CQL. When the number of Trading Permit Holders quoting electronically in the product equals the CQL, all other Trading Permit Holders will be wait-listed in the order in which they request the ability to quote electronically. The wait- list will operate as described above in paragraph (a).

***. . . Interpretations and Policies:***

***.01 Class Quoting Limits:***

(a) Products Trading on the Exchange: The CQL for products trading on the Hybrid Trading System is fifty (50). (For purposes of this Rule, the term “product” refers to all options of the same single underlying security/value.)

(b) Increasing the Class Quoting Limit: The President of the Exchange (or in his absence his designee, who must be a Senior Vice President of the Exchange or higher) may increase the CQL for an existing or new product if the President determines that it would be appropriate. When the CQL increases pursuant to the President exercising his authority in accordance with this paragraph, Trading Permit Holders on the wait-list for that product (if applicable) have first priority and remaining capacity will be filled on a time priority basis. The President (or his designee), in his discretion, may determine to reduce the CQL (“reduced CQL”) if the President determines that it would be appropriate, provided, however, that any reduction must be undertaken in accordance with the following procedure. If a Trading Permit Holder changes his/her appointment and ceases quoting electronically in that class after the President (or his designee) has determined to decrease the CQL, the “increased” CQL will decrease by one until such time that the number of remaining Trading Permit Holders quoting electronically in the product equals the “reduced CQL.” From that point forward, the number of Trading Permit Holders quoting electronically in the product may not exceed the “reduced CQL.” Any actions taken by the President of the Exchange pursuant to this paragraph will be submitted to the SEC in a rule filing pursuant to Section 19(b)(3)(A) of the Exchange Act.

(c) Announcements Regarding, or Changes to, Class Quoting Limits: The Exchange will announce all changes regarding Class Quoting Limits to the Trading Permit Holders via Information Circular. The Exchange may increase the CQL levels established in

paragraphs .01(a) by submitting to the SEC a rule filing pursuant to Section 19(b)(3)(A) of the Exchange Act. The Exchange may decrease the CQL levels established above upon SEC approval of a rule filing submitted pursuant to Section 19(b)(2) of the Exchange Act.

.02 In the event a Market-Maker, who holds an appointment in an option class traded on the Hybrid Trading System pursuant to Rule 8.3, elects not to quote electronically in that option class under the provisions of Rule 8.7(d)(i), then the Market-Maker will not count towards the CQL in that option class. In the event the Market-Maker later determines to quote electronically in that option class, the Market-Maker may do so and would count towards the CQL for that option class. If the total number of Trading Permit Holders quoting electronically exceeds the CQL for that option class, the option class would have an “increased CQL” as described in Interpretations and Policies .01. Reduction in any “increased CQL” will be in accordance with the procedures described in Interpretations and Policies .01(b).

.03 The following Interpretation and Policy only applies to those option classes traded on the Hybrid Trading System in which the CQL for the option class is full and there is a waiting list of Trading Permit Holder(s) requesting the ability to quote electronically in the option class. In the event a Market-Maker, who holds an appointment in an option class traded on the Hybrid Trading System, has not submitted any electronic quotations in that option class during the preceding 30 calendar days (measured on a rolling basis), then the Market-Maker’s appointment in that option class will be terminated effective immediately. The Market-Maker can subsequently request an appointment in the option class. If there is a wait-list of Trading Permit Holders requesting the ability to quote electronically, then Market-Maker will be placed on the wait-list for the option class. The Exchange will notify the Market-Maker that the Market-Maker’s appointment has been terminated, and the Exchange can make exceptions to this Interpretation and Policy in unusual circumstances.]

\* \* \* \* \*

#### Rule 8.7. Obligations of Market-Makers

(a) – (c) No change.

(d) Market-Making Obligations [in Applicable Hybrid Classes]

[The following obligations in this paragraph (d) are only applicable to Market-Makers trading classes on the Cboe Options Hybrid System and only in those Hybrid classes.] Unless otherwise provided in this Rule, Market-Makers [trading classes on the Hybrid System] remain subject to all obligations imposed by Cboe Options Rule 8.7. To the extent another obligation contained elsewhere in Rule 8.7 is inconsistent with an obligation contained in paragraph (d) of Rule 8.7 with respect to a class[ trading on Hybrid], this paragraph (d) shall govern[ trading in the Hybrid class].

For Regular Trading Hours, these requirements are applicable on a per class basis, except as set forth in paragraph (ii)(B) below, depending upon the percentage of volume a Market-Maker transacts in an appointed class during Regular Trading Hours electronically versus in open outcry. With respect to making this determination, the Exchange will monitor a Market-Maker's trading activity in each appointed class during Regular Trading Hours every calendar quarter to determine whether it exceeds the threshold established in paragraph (d)(i). If a Market-Maker exceeds the threshold established below, the obligations contained in (d)(ii) will be effective the next calendar quarter.

For a period of ninety (90) days commencing immediately after a class begins trading on the Hybrid Trading [s]System, the provisions of paragraph (d)(i) shall govern trading in that class.

(i) No change.

(ii) Market-Maker Trades More Than 20% Contract Volume in an Appointed Class Electronically:

If a Market-Maker [on the Cboe Options Hybrid System] transacts more than 20% of the Market-Maker's contract volume electronically in an appointed [Hybrid] class during Regular Trading Hours during any calendar quarter, commencing the next calendar quarter the Market-Maker will be subject to the following quoting obligations in that class for as long as the Market-Maker maintains an appointment in that class:

(A) No change.

(B) Continuous Electronic Quoting Obligation: A Market-Maker will be required to maintain continuous electronic quotes [(as defined in Rule 1.1 (ccc))] in 60% of the non-adjusted option series of the Market-Maker's appointed classes that have a time to expiration of less than nine months. Compliance with this quoting obligation applies to all of a Market-Maker's appointed classes collectively (for which it must maintain continuous electronic quotes pursuant to this paragraph (ii)(B)). The Exchange will determine compliance by a Market-Maker with this quoting obligation on a monthly basis. However, determining compliance with this quoting obligation on a monthly basis does not relieve a Market-Maker from meeting this obligation on a daily basis, nor does it prohibit the Exchange from taking disciplinary action against a Market-Maker for failing to meet this obligation each trading day. The initial size of a Market-Maker's quote must be for the minimum number of contracts determined by the Exchange on a class-by-class basis, which minimum shall be at least one contract. For SPX, the Exchange may also determine minimum initial quote size on a premium basis and an expiration basis for series with expirations (1) no more than one week, (2) between one week and three months, (3)



between three months and six months, (4) between six months and 15 months, and (5) 15 months or more. This obligation does not apply to intra-day add-on series on the day during which such series are added for trading. Market-Maker continuous electronic quoting obligations may be satisfied by Market-Makers either individually or collectively with Market-Makers of the same TPH organization.

(C) No change.

(iii) No change.

(iv) A Market-Maker that is in the trading crowd but that is not quoting electronically or in open outcry in an appointed class must provide an open outcry two-sided market complying with the bid/ask differential requirements determined by the Exchange for a minimum number of contracts determined by the Exchange on a class by class basis, which minimum shall be at least one contract and which minimum can vary for non-broker-dealer orders and broker-dealer orders in response to a request for quote by a Trading Permit Holder or PAR Official directed at that Market-Maker or when, in response to a general request for a quote by a Trading Permit Holder or PAR Official, a market is not then being vocalized by a reasonable number of Market-Makers. A Market-Maker may also be called upon by a[n] designated Exchange official designated [by the Board of Directors] to submit a single quote or maintain continuous quotes in one or more series of a class to which the Market-Maker is appointed whenever, in the judgment of such official, it is necessary to do so in the interest of maintaining a fair and orderly market.

***... Interpretations and Policies:***

.01 – .02 No change.

.03 For purposes of Rule 8.7, respecting distribution of trading activity, at least 75% of a Market-Maker's total contract volume must be in option classes in which the Market-Maker has an appointment pursuant to Rule 8.3. Trading in nonappointed classes of options at the request of a Floor Official or DPM shall be deemed to be trading in appointed classes for purposes of this Interpretation. [the following percentage] This percentage requirement[s] applies[y] to Market-Maker trading activity for each quarter of a calendar year, except for unusual circumstances as determined by the Exchange. The Exchange may assign a weighting factor based on volume to one or more classes or series of option contracts in connection with these requirements.

[A. Trading in Appointed Classes: Respecting distribution of trading activity, at least 75 percent of a Market-Maker's total contract volume must be in option classes to which the Market-Maker has been appointed pursuant to Rule 8.3. Trading in nonappointed classes of options at the request of a Floor Official, Order Book Official or DPM shall be deemed to be trading in appointed classes for purposes of this Interpretation.

B. In-Person Requirements for Market-Makers in Hybrid 3.0 classes: Respecting the manner in which Market-Maker transactions may be executed in Hybrid 3.0 classes, a Market-Maker must execute in person, and not through the use of orders, at least 25 percent of the Market-Maker's total transactions, provided, however, that for any calendar quarter in which a Market-Maker receives Market-Maker treatment for off-floor orders in accordance with Rule 8.1, in addition to satisfying the requirements of paragraph A of this Interpretation .03, the Market-Maker must execute in person, and not through the use of orders, at least 80 percent of the Market-Maker's total transactions. The off-floor orders for which a Market-Maker receives Market-Maker treatment shall be subject to the obligations of Rule 8.7(a) and in general shall be effected for the purpose of hedging, reducing risk of, rebalancing or liquidating open positions of the Market-Maker. The Exchange may exempt one or more options classes from this calculation.

(i) In-Person requirements set forth in Paragraph B above may be satisfied by Market-Makers either individually or collectively with the Market-Makers of the same TPH organization.]

\* \* \* \* \*

#### Rule 8.13. Preferred Market-Makers [Program]

(a) Generally. The Exchange may allow, on a class-by-class basis, for the receipt of marketable orders, through the Exchange's Order Handling System when the Exchange's disseminated quote is the NBBO, that carry a designation from the Trading Permit Holder transmitting the order that specifies a Market-Maker in that class as the ["Preferred Market-Maker"] PMM for that order. A qualifying recipient of a [Preferred Market-Maker] PMM order shall be afforded a participation entitlement as set forth in subparagraph (c) below.

(b) Eligibility. Any Exchange Market-Maker type (e.g. [Lead Market-Maker], LMM and [Designated Primary Market-Maker] DPM) may be designated as a [Preferred Market-Maker] PMM, however, the [Hybrid] System is programmed so that a recipient of a [Preferred Market-Maker] PMM order will only receive a participation entitlement for such order if the following provisions are met:

(i) The [Preferred Market-Maker] PMM has an appointment/allocation in the relevant option class.

(ii) The [Preferred Market-Maker] PMM is quoting at the best bid/offer on the Exchange.

(c) Entitlement Rate. Provided the provisions of paragraph (b) above have been met, the [Preferred Market-Maker] PMM participation entitlement is the greater of one contract or 40% when there are two or more other Market-Maker quotes or broker-dealer orders at the BBO, and 50% when there is one other Market-Maker quote or broker-dealer order at

the BBO. For purposes of this paragraph (with respect to an electronic execution), all broker-dealer orders at the same price will be treated as one broker-dealer order (with size consisting of the cumulative number of contracts in those non- broker-dealer orders). In addition, the following shall apply:

(i) A [Preferred Market-Maker]PMM may not be allocated a total quantity greater than the quantity that the [Preferred Market-Maker]PMM is quoting at the best bid/offer on the Exchange.

(ii) The participation entitlement rate is based on the number of contracts remaining after all priority customer orders in the book at the BBO have been satisfied.

(iii) If a [Preferred Market-Maker]PMM receives a participation entitlement under this Rule, then no other participation entitlements set forth in [Exchange]the Rules (e.g. Rules 8.87 and 8.15) shall apply to such order.

(d) Quoting Obligations: The [Preferred Market-Maker]PMM must comply with the quoting obligations applicable to its Market-Maker type under Exchange rules and must provide continuous electronic quotes [(as defined in Rule 1.1(ccc)) in at least the lesser of 99% of the non-adjusted option series that have a time to expiration of less than nine months or 100% of the non- adjusted option series that have a time to expiration of less than nine months minus one call- put pair, with the term “call-put pair” referring to one call and one put that cover the same underlying instrument and have the same expiration date and exercise price. This obligation does not apply to intra-day add-on series on the day during which such series are added for trading. Compliance with this quoting obligation applies to all of a [Preferred Market-Maker]PMM’s classes for which it receives [Preferred Market-Maker]PMM orders collectively. The Exchange will determine compliance by a [Preferred Market-Maker]PMM with this quoting obligation on a monthly basis. However, determining compliance with this obligation on a monthly basis does not relieve a [Preferred Market-Maker]PMM from meeting this quoting obligation on a daily basis, nor does it prohibit the Exchange from taking disciplinary action against a [Preferred Market-Maker]PMM for failing to meet this obligation each trading day. [Preferred Market-Maker]PMM continuous electronic quoting obligations may be satisfied by [Preferred Market-Maker]PMMs either individually or collectively with [Preferred Market-Maker]PMMs of the same TPH organization.

### ***... Interpretations and Policies:***

.01 The Exchange may allow, on a class-by-class basis, for the receipt of [Preferred Market-Maker]PMM complex orders through the complex order book (COB) and/or complex order RFQ auction (COA) systems, and a qualifying recipient of a [Preferred Market-Maker]PMM complex order shall be afforded a participation entitlement as set forth below.

(a) Eligibility. Any Exchange Market-Maker type may be designated as a [Preferred Market-Maker]PMM, however, the [Hybrid] System is programmed so that a recipient of a

[Preferred Market-Maker]PMM complex order will only receive a participation entitlement for such complex order if the following provisions are met:

(i) The [Preferred Market-Maker]PMM has an appointment/allocation in the relevant option class.

(ii) With respect to participation entitlements for COB, the [Preferred Market-Maker]PMM is quoting at the best net priced bid/offer when the order is received.

(iii) With respect to participation entitlements for COA:

(1) at the beginning of the auction, the [Preferred Market-Maker]PMM is quoting at either (A) the [best bid/offer on the Exchange]BBO in at least one of the component series of the complex order or (B) the [best net priced bid/offer]Exchange spread market for the complex order; and

(2) at the conclusion of the auction, the [Preferred Market-Maker]PMM is quoting at the best net priced bid/offer.

(b) Entitlement Rate. Provided the provisions of paragraph (a) above have been met, the [Preferred Market-Maker]PMM participation entitlement is the greater of one contract or 40% when there are two or more other Market-Maker quotes or broker-dealer orders at the [best net priced bid/offer]Exchange spread market execution price, and 50% when there is one other Market-Maker quote or broker-dealer order at the [best net priced bid/offer]Exchange spread market execution price. In addition, the following shall apply:

(i) the [Preferred Market-Maker]PMM would not be allocated a total quantity greater than the quantity that the [Preferred Market-Maker]PMM is quoting at the [best net priced bid/offer]Exchange spread market execution price;

(ii) the entitlement would be based on the number of contracts remaining after equivalent derived net priced orders and quotes in the [E]Book and equivalent net priced priority customer complex orders resting in COB that have priority over [Preferred Market-Maker]PMM in accordance with Rule 6.53C; and

(iii) if a [Preferred Market-Maker]PMM receives a participation entitlement for a complex order resting in COB or a response to COA, then no other participation entitlements for complex orders set forth in [Exchange] Rules shall apply to complex orders resting in COB or entered in response to COA.

(c) Quoting Obligations: A [Preferred Market-Maker]PMM is subject to the requirements of Rule 8.13(d) above.

.02 Rule 8.13(d) does not require a [Preferred Market-Maker]PMM to provide continuous electronic quotes in intra-day add-on series or series that have a time to expiration of nine months or more in the classes for which it receives [Preferred Market-Maker]PMM orders. However, a [Preferred Market-Maker]PMM may still receive a participation entitlement in

such series if it elects to quote in such series and otherwise satisfies the requirements set forth in Rule 8.13(b).

.03 When the underlying security for a class is in a limit up-limit down state, as defined in Rule 6.3A, [Preferred Market-Maker]PMMs shall have no quoting obligations in the class. However, a [Preferred Market-Maker]PMM may still receive a participation entitlement in series of such a class when the underlying security is in a limit up-limit down state if it elects to quote in such series and otherwise satisfies the requirements set forth in Rule 8.13(b).

.04 If the Exchange determines to list SPX or VIX on a group basis pursuant to Rule 8.14, obligations of an SPX Market-Maker designated as a [Preferred Market-Maker]PMM, as set forth in Rule 8.13, apply on a class basis, unless the Exchange determines to apply obligations on a group basis.

#### Rule 8.14. Hybrid Trading System [Platforms] & Market-Maker Participants

(a) Generally: The Exchange [(i)] may authorize any class of options for trading on the Hybrid Trading System [or the Hybrid 3.0 Platform options trading on the Exchange and (ii) if that authorization is granted, shall determine the eligible categories of Market-Maker participants for those options]. The Exchange [shall also have the authority to determine whether to change the trading platform on which those options trade and to] may determine, and change, whether Market-Makers, DPMs, and/or LMMs are eligible for appointments in each such class.[change the eligible categories of Market-Maker participants for those options. The eligible categories of Market-Maker participants may include:

Designated Primary Market-Makers (“DPMs”): Market-Makers as defined in Rule 8.80 whose activities are governed by, among other rules, Rules 8.80 – 8.91.

Lead Market-Makers (“LMMs”): Market-Makers as defined in Rule 8.15 whose activities are governed by, among other rules, Rule 8.15.

Market-Makers (“MMs”): Market-Makers as defined in Rule 8.1 whose activities are governed by, among other rules, Rules 8.1 – 8.11.]

(b) Each class designated for trading on the Hybrid Trading System[ or the Hybrid 3.0 Platform] shall have a DPM or LMM. The Exchange may determine to designate classes for trading on Hybrid without a DPM or LMM provided the following conditions are satisfied:

[1.](1) There are at least four (4) Market-Makers quoting in the class; and

[2.](2) Each Market-Maker with an appointment in the class is subject to the continuous quoting obligations imposed by Rule 8.7(d)[;].

[3 In the event the Exchange activates request-for-quote (“RFQ”) functionality in index classes, each MM will have an obligation to respond to that percentage of

RFQs as determined by the Exchange, provided, however, that such percentage shall not be less than 80%. Regarding RFQ responses:

- (i) MMs must comply with the bid-ask differential requirements determined by the Exchange on a class by class basis.
- (ii) Responses must be submitted within the amount of time specified by the Exchange from the time the RFQ is entered.
- (iii) Responses must be for a minimum number of contracts determined by the Exchange on a class by class basis, which minimum shall be at least one contract.
- (iv) MMs responding to an RFQ must maintain a continuous market in that series for a subsequent 30-second period (or for some other time specified by the appropriate EPC) or until his/her quote is filled in its entirety. A MM may change his/her quotes during this 30-second period but he/she may not cancel them without replacing them. If the MM does cancel without replacing the quote his/her response to the RFQ will not count toward the MM's response rate requirement set forth above. A MM will be considered to have responded to the RFQ if he/she has a quote in the market for the series at the time the RFQ is received and he/she maintains it for the appropriate period of time.]

***... Interpretations and Policies:***

.01 [For each Hybrid 3.0 class, the Exchange may determine to authorize a group of series of the class for trading on the Hybrid Trading System and, if that authorization is granted, shall determine the eligible categories of Market-Maker participants for that group of series. The Exchange will also have the authority to determine whether to change the trading platform on which the group of series trades. If the Exchange lists SPX or VIX on the Hybrid Trading System, the Exchange may determine to list the class on a group basis, with both groups trading on the Hybrid Trading System.] The Exchange may determine to list SPX or VIX on a group basis. The Exchange will also have the authority to change the eligible categories of Market-Makers participants for each group. In addition, the following shall apply:

- (a) – (b) No change.
- (c) [The Hybrid Trading] System [or Hybrid 3.0 Platform, as applicable,] trading parameters will be established by the Exchange on a group basis to the extent the [Exchange] Rules otherwise provide for such parameters to be established on a class basis.

**Rule 8.15. Lead Market-Makers**

- (a) No change.
- (b) LMM Obligations: Each LMM must fulfill all the obligations of a Market-Maker under the Rules and satisfy each of the following requirements:

(i) provide continuous electronic quotes [(as defined in Rule 1.1 (ccc))] in at least the lesser of 99% of the non-adjusted option series or 100% of the non-adjusted option series minus one call-put pair, with the term “call-put pair” referring to one call and one put that cover the same underlying instrument and have the same expiration date and exercise price. This obligation does not apply to intra-day add-on series on the day during which such series are added for trading. Compliance with this quoting obligation applies to all of an LMM’s appointed classes [on each platform] collectively. The Exchange will determine compliance by an LMM with this quoting obligation on a monthly basis. However, determining compliance with this obligation on a monthly basis does not relieve an LMM from meeting this obligation on a daily basis, nor does it prohibit the Exchange from taking disciplinary action against an LMM for failing to meet this obligation each trading day. In option classes in which both an On-Floor LMM and an Off-Floor DPM or Off-Floor LMM have been appointed, the On-Floor LMM will not be obligated to comply with this paragraph (b)(i) and instead will be obligated to comply with the obligations of Market-Makers in Rule 8.7(d). In an option class in which the Exchange appointed an On-Floor LMM that has open-outcry obligations only, that On-Floor LMM will not be obligated to comply with this paragraph (b)(i) and instead will be obligated to comply with the obligations of Market-Makers in Rule 8.7(d) and have a designee in the class’s crowd on the trading floor for the entire trading day (except for a de minimis amount of time). [Lead Market-Maker]LMM continuous electronic quoting obligations may be satisfied by [Lead Market-Maker]LMMs either individually or collectively with [Lead Market-Maker]LMMs of the same TPH organization;

(ii) – (viii) No change.

(c) Reserved[Additional LMM Obligations in Hybrid 3.0 Classes: In addition to satisfying the obligations set forth in paragraph (b) above, each LMM in Hybrid 3.0 classes must satisfy the following requirements:

(i) determine a formula for generating automatically updated market quotations during the trading day for the period in which it acts as LMM using a proprietary automated quotation updating system;

(ii) serve during such times as may be requested by the Exchange as a backup LMM, which must generate automatically updated market quotations as set forth in subparagraph (c)(i) in the event the Exchange determined that the LMM originally appointed to generate such quotes is unable to do so; and

(iii) facilitate any imbalances of customer orders in all series in its appointed classes.]

(d) No change.

*... Interpretations and Policies:*

.01 – .02 No change.

.03 [With respect to Hybrid 3.0 classes, the requirements of Interpretation and Policy .07 to Rule 8.7 as they relate to LMMs apply to paragraph (c)(ii) of this Rule 8.15.

.04] An LMM may receive a participation entitlement in intra-day add-on series on the day during which such series are added for trading if it elects to quote in such series and otherwise satisfies the requirements set forth in Rule 8.15(d).

[.05].04 If the Exchange determines to list SPX or VIX on a group basis pursuant to Rule 8.14, obligations of an SPX Market-Maker designated as a Lead Market-Maker, as set forth in Rule 8.15, apply on a class basis, unless the Exchange determines to apply obligations on a group basis.

[Rule 8.16. Reserved

Reserved]

#### Rule 8.17. Stopping of Option Orders

(a) General. Stopping an option order at a specified price represents a guarantee by a Market-Maker or [Designated Primary Market-Maker (“DPM”)]DPM[, acting pursuant to Section C, Chapter VIII,] who “grants the stop” that the order of the Floor Broker who “accepts the stop” will be executed at the stop price or better. No Market-Maker or DPM is required to agree to grant, and no Floor Broker is required to accept, a stop.

(b) Conditions. A Market-Maker or DPM may grant a stop and a Floor Broker may accept a stop subject to all of the following conditions:

(1) When stopping a straight order or only the option portion of a buy-write, the Market-Maker or DPM shall make the trading crowd [and the Order Book Official] aware of the stop price and size.

\* \* \* \* \*

#### Rule 8.18. Quote Risk Monitor Mechanism

Each Market-Maker who is obligated to provide and maintain continuous electronic quotes [(as defined in Rule 1.1(ccc))] in any option class traded on the Exchange [Hybrid Trading System (“Hybrid Market-Maker”)], or the TPH organization with which the [Hybrid] Market-Maker is associated, must establish parameters for an acronym or firm, as applicable, for each function below applicable to each trading session by which the Exchange will activate the Quote Risk Monitor (“QRM”) Mechanism.

The functionality of the QRM Mechanism that is available to [Hybrid] Market-Makers includes, for each such option class in which the [Hybrid] Market-Maker is engaged in trading: (i) a maximum number of contracts for such option class (the “Contract Limit”) and a rolling time period in milliseconds within which such Contract Limit is to be



measured (the “Measurement Interval”); (ii) a maximum cumulative percentage that the [Hybrid] Market-Maker is willing to trade (the “Cumulative Percentage Limit”), where the cumulative percentage is the sum of the percentages of the original quoted size of each side of each series that traded, and a Measurement Interval; and (iii) the maximum number of series for which either side of the quote is fully traded (the “Number of Series Fully Traded”) and a Measurement Interval.

When the Exchange determines that the [Hybrid] Market-Maker has traded at least the Contract Limit or Cumulative Percentage Limit for such option class [on a trading platform] during any rolling Measurement Interval, or has traded at least the Number of Series Fully Traded on an option class [on a trading platform] during any rolling Measurement Interval, the QRM Mechanism shall cancel all electronic quotes being disseminated [on the same trading platform] with respect to that [Hybrid] Market-Maker in that option class and any other classes with the same underlying security until the [Hybrid] Market-Maker refreshes those electronic quotes.

Such action by the Exchange is referred to herein as a QRM Incident. Once the QRM Mechanism is triggered, all counters that determine whether the QRM Mechanism is triggered and a QRM Incident occurs will be reset for all classes for which quotes were canceled for all parties for whom such quotes were canceled.

A [Hybrid] Market-Maker or a TPH organization may also specify a maximum number of QRM Incidents on an Exchange-wide basis. When the Exchange determines that such [Hybrid] Market-Maker or TPH organization has reached its QRM Incident limit during any rolling Measurement Interval, the QRM Mechanism shall cancel all of the [Hybrid] Market-Maker’s or TPH organization’s electronic quotes and Market-Maker orders resting in the Book in all option classes on the Exchange and prevent the [Hybrid] Market-Maker or TPH organization from sending additional quotes or orders to the Exchange until the [Hybrid] Market-Maker or TPH organization reactivates its ability to send quotes or orders in a manner prescribed by the Exchange. Once the QRM Mechanism is triggered and quotes and orders are cancelled, all counters that determine whether the QRM Mechanism is triggered and a QRM Incident occurs will be reset for all parties for whom the QRM Mechanism was triggered and for all classes for which quotes and orders were canceled. If the Exchange cancels all of the [Hybrid] Market-Maker’s or TPH organization’s electronic quotes and Market-Maker orders resting in the Book, and the [Hybrid] Market-Maker or TPH organization does not reactivate its ability to send quotes or orders, the block will be in effect only for the trading day that the [Hybrid] Market-Maker or TPH organization reached its QRM Incident limit.

## Section B: Trading Crowds (Rules 8.5[0]1-8.61)

### [Rule 8.50. Definitions]

The term “trading crowd” means all Market-Makers who hold an appointment in the options classes or other securities at the trading station where such trading crowd is located and all Market-Makers who regularly effect transactions in person for their

Market-Maker account at that station, but generally will consist of the individuals present at the trading station.]

#### Rule 8.51. Firm Disseminated Market Quotes

(a) – (b) No change.

(c) Firm Quote Size.

(1) The Exchange may establish separate firm quote requirements for each series of option, which shall be for at least one contract, for (i) non-broker-dealer orders and (ii) broker-dealer orders, as provided below. For purposes of this Rule, the term broker-dealer includes foreign broker-dealers[ as defined in Rule 1.1(xx)].

(a) [(i)] Non-broker-dealer orders: The firm quote requirement size for non-broker-dealer orders shall be the size that the Exchange disseminates to vendors. In the event the Exchange has not disseminated a size along with its quotes for a particular series, then the firm quote requirement size for non-broker-dealer orders shall be that size periodically published by the Exchange in a different manner (e.g., on its website).

[(ii)b] Broker-dealer orders: The firm quote requirement size for broker-dealer orders shall be the lesser of the size that the exchange either disseminates to vendors or periodically publishes in a different manner (e.g., on its website).

(d) – (f) No change.

#### *... Interpretations and Policies:*

.01 Reserved [The text of Rule 600(b)(65) of Regulation NMS under the Exchange Act is reproduced herein:

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#### **Rule 600(b)(65) of Regulation NMS under the Exchange Act:**

The term responsible broker or dealer shall mean:

(i) When used with respect to bids or offers communicated on an exchange, any member of such exchange who communicates to another member on such exchange, at the location (or locations) designated by such exchange for trading in a covered security, a bid or offer for such covered security, as either principal or agent; provided, however, that, in the event two or more members of an exchange have communicated on such exchange bids or offers for a covered security at the same price, each such member shall be considered a “responsible broker or dealer” for that bid or offer, subject to the rules of priority and precedence then in effect on that exchange; and further provided, that for a bid or offer which is transmitted from one member of an exchange to another member who undertakes to represent such bid

or offer on such exchange as agent, only the last member who undertakes to represent such bid or offer as agent shall be considered the “responsible broker or dealer” for that bid or offer;

-----]

.02 – .04 No change.

.05 The requirement of paragraph (b) of this Rule that the responsible broker or dealer must honor displayed quotations up to the firm quote requirement subject to the conditions of the Rule applies not only to orders to buy or sell options, but also to [two-part spread or straddle for all option orders which]complex orders that may be executed at displayed quotations for both parts of the order.

This obligation of a responsible broker or dealer applies to [two-part] complex orders [where the two sides are on opposite sides of the market in a one-to-one ratio], and extends to the amount of the firm quote requirement on each side of the order.

\* \* \* \* \*

#### Rule 8.60. Evaluation of Trading Crowd Performance

(a) The Exchange shall periodically evaluate the performance of [Designated Primary Market- Makers (“DPMs”)]DPMs, Market-Makers, and other Trading Permit Holders both individually and collectively as trading crowds in order to determine whether they are satisfactorily meeting their market responsibilities. For purposes of this rule, a DPM, a Market-Maker, other Trading Permit Holders or a trading crowd may be referred to as a market participant (“Market Participants”). The evaluation may depend in part on the results of a survey of Trading Permit Holders administered by the Exchange, designed to assist the Exchange in determining the absolute and relative performance of Market Participants. The survey may consist of a questionnaire that solicits the views of Trading Permit Holders on the performance of Market Participants in respect of (1) quality of markets, (2) extent of competition in the crowd, (3) due diligence in representing orders as agent, (4) adherence to ethical standards, (5) carrying out administrative responsibilities, and (6) such other matters as the Exchange may deem relevant.

In addition to the survey, the Exchange may also consider any other relevant information, including but not limited to statistical measures of performance and such other factors and data as the Exchange may determine to be pertinent to the evaluation of Market Participants.

(b) – (f) No change.

(g) Any action taken by the Exchange after an informal meeting in accordance with paragraph (c) (5) through (11) of this Rule may be appealed in accordance with Chapter XIX of [Exchange]the Rules.

\* \* \* \* \*

## Rule 8.83. Approval to Act as a DPM

(a) – (f) No change.

(g) An On-Floor DPM can request that the Exchange authorize it to operate as an Off-Floor DPM in one or more option classes traded on the Hybrid Trading System[ (including in Hybrid 3.0 classes)]. The Exchange will consider the factors specified in paragraph (b) above in determining whether to permit an On-Floor DPM to operate as an Off-Floor DPM. If an On-Floor DPM is approved to operate as an Off-Floor DPM in one or more option classes, the Off-Floor DPM can have a DPM Designee trade in open outcry in the option classes allocated to the Off-Floor DPM, but the Off-Floor DPM will not receive a participation entitlement under Rule 8.87 with respect to orders represented in open outcry. Additionally, in an option class in which an Off-Floor DPM has been appointed, the Exchange in its discretion may also appoint an On-Floor LMM in accordance with Rule 8.15, which will be eligible to receive a participation entitlement under Rule 8.15 with respect to orders represented in open outcry. If the Exchange in its discretion determines to reallocate a class in which an Off-Floor DPM has been appointed, the On-Floor LMM appointment will automatically terminate.

\* \* \* \* \*

## Rule 8.85. DPM Obligations

(a) Dealer Transactions. Each DPM must fulfill all of the obligations of a Market-Maker under the Rules, and must satisfy each of the following requirements in respect of each of the securities allocated to the DPM. To the extent that there is any inconsistency between the specific obligations of a DPM set forth in subparagraphs (a)(i) through (a)(xi) of this Rule and the general obligations of a Market-Maker under the Rules, subparagraphs (a)(i) through (a)(xi) of this Rule will govern. Each DPM must:

(i) provide continuous electronic quotes [(as defined in Rule 1.1(ccc))]] in at least the lesser of 99% of the non-adjusted option series or 100% of the non-adjusted option series minus one call-put pair, with the term “call-put pair” referring to one call and one put that cover the same underlying instrument and have the same expiration date and exercise price, and assure that its disseminated market quotations are accurate. This obligation does not apply to intra-day add-on series on the day during which such series are added for trading. Compliance with this quoting obligation applies to all of a DPM’s allocated classes collectively. The Exchange will determine compliance by a DPM with this quoting obligation on a monthly basis. However, determining compliance with this obligation on a monthly basis does not relieve a DPM from meeting this obligation on a daily basis, nor does it prohibit the Exchange from taking disciplinary action against DPM for failing to meet this obligation each trading day. DPM continuous electronic quoting obligations may be satisfied by DPM either individually or collectively with DPM Market-Makers of the same TPH organization;

(ii) – (x) No change.

(b) – (d) No change.

(e) Requirement to Hold Trading Permit. Each DPM organization shall hold such number of Trading Permits as may be necessary based on the aggregate “appointment cost” for the classes allocated to the DPM organization. Each Trading Permit held owned or leased by the DPM organization has an appointment credit of 1.0. The appointment costs for the classes allocated to the DPM organization are: (i) For Hybrid classes, the appointment costs as set forth in paragraph (c)(i) of Rule 8.3; and

(ii) For Hybrid 3.0 classes, the appointment costs as set forth and defined in paragraph (c)(iii) of Rule 8.3].

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#### Rule 8.87. Participation Entitlement of DPMs

(a) [Subject to the review of the Board of Directors, t]The Exchange may establish from time to time a participation entitlement formula that is applicable to all DPMs.

\* \* \* \* \*

#### Rule 9.4. Other Affiliations of Registered Associated Persons

(a) No change.

(b) Except with the prior written consent of the Trading Permit Holder and prompt written notice to the Exchange, every Registered Options Principal, Sales Supervisor, and Financial/Operations Principal registered with a Trading Permit Holder for which the Exchange is the [Designated Examining Authority (“DEA”)]DEA shall devote his/her entire time during business hours to the business of the TPH organization employing or compensating him/her.

\* \* \* \* \*

#### Rule 9.8. Supervision of Accounts

(a) – (g) No change.

(h) Reports to Control Persons. By April 1 of each year, each TPH organization shall submit a copy of the report that Rule 9.8(g) requires the TPH organization to prepare to its one or more control persons or, if the TPH organization has no control person, to the audit committee of its board of directors or its equivalent committee or group. In the case of a control person that is an organization (a “controlling organization”), the TPH organization shall submit the report to the general counsel of the controlling organization and to the audit committee of the controlling organization’s board of directors or its

equivalent committee or group. For the purpose of this paragraph, “control person” means a person who controls the TPH organization[ within the meaning of Rule 1.1(k)].

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## CHAPTER X. CLOSING TRANSACTIONS

\* \* \* \* \*

[Part B—Stock, Warrants, and Other Securities (Rules 10.10-10.22)]

### Rule 10.10. Disagreement on Contract

When a disagreement between Trading Permit Holders or TPH organizations arising from a transaction in securities is discovered, the money difference shall forthwith be established by purchase or sale or by mutual agreement.

### Rule 10.11. Contracts of Suspended Parties

When a Trading Permit Holder or TPH organization is suspended pursuant to Chapter XVI of these Rules, Trading Permit Holders and organizations having contracts with the suspended Trading Permit Holder or TPH organization for the purchase, sale or loan of securities shall, without unnecessary delay, proceed to close such contracts on the Exchange or in the best available market, except insofar as the rules of a Clearing Corporation are applicable and provide the method of closing; provided, however, that upon any such suspension, the Board of Directors may, in its discretion, suspend the mandatory closeout provisions of this Rule and may, in its discretion, reinstate such provisions at such time as it may determine. Should such a contract not be closed when required to be closed by this Rule, the price of settlement for the purpose of Rule 3.15 shall be determined pursuant to the claims resolution procedures provided for by that Rule, with due regard for the price current at the time.

### Rule 10.12. Mandatory Closing of Fails

(a) A contract in securities (other than a contract the close-out of which is governed by the rules of a Clearing Corporation) which has not been fulfilled in accordance with its terms for a period of twenty calendar days after the original due date for delivery shall be closed pursuant to the following procedures:

(1) A notice of intention shall be delivered (in quadruplicate) to the TPH organization in default at or before 12:00 noon (Central Time) on the twenty-first business day after the original due date of the contract (the “effective date of notice”). A copy of a receive order issued by a Clearing Corporation or a stamped comparison must accompany the notice when delivered, except that if neither of these documents is available, other available evidence of the item should accompany the notice. A fifth copy of the notice of intention shall be delivered to the Regulatory Division of the Exchange before 12:00 noon (Central Time) on the same day.

(2) The TPH organization receiving the notice of intention must indicate on the copies of the notice its position with respect to the resolution of the item and then return to the initiating TPH organization a copy thereof signed by a member, an officer, general partner, or authorized representative of the TPH organization no later than 12:00 noon (Central Time) on the third business day after the effective date of notice. A copy of the response must be filed by the defaulting TPH organization with the Regulatory Division by no later than 12:00 noon on the same day. Where necessary, the TPH organization receiving the notice of intention shall re-transmit the same, as provided in Rule 10.15.

(3) If the notice is returned to the initiating party “DK’d” or if the notice is not returned duly signed when due, the initiating party shall itself close out the contract forthwith by buying or selling through its own representative on the floor. A party which has returned a notice “DK’d” or which has failed to return the notice duly signed when due may not thereafter seek to fulfill the contract by delivering or requiring delivery of the securities if the contract has been closed by the initiating party. The closing of a contract by the initiating TPH organization shall not preclude it from taking action to recover any resulting damages.

(4) If the notice is returned duly signed, with an indication that the contract is known but that delivery cannot be made, the initiating party shall close such contract pursuant to the procedures outlined in paragraphs (b), (c), (d) and (e) of Rule 10.14.

(b) The procedures under this Rule shall not prevent a TPH organization from closing any open contract at any time in accordance with the provisions of Rule 10.14 if such contract has not been fulfilled in accordance with its terms on the original due date for delivery of the securities thereunder; provided, however, that once a notice of intention has been delivered pursuant to paragraph (a) of this Rule, the contract which is the subject of such notice shall be closed only in accordance with the provisions of this Rule, unless the Exchange shall otherwise approve the closing thereof upon application by the party delivering such notice or unless the provisions of Rule 10.11 shall become applicable to such contract.

(c) Every reasonable means to borrow securities in order to make delivery on open contracts shall be employed by TPH organizations. If, however, unusual circumstances exist whereby securities cannot be borrowed, application for suspension of paragraph (a) of this Rule with respect to a specific contract may be made to the Regulatory Division of the Exchange by the seventeenth business day after the original due date for delivery. Such application shall set forth the unusual circumstances as well as the unsuccessful efforts made by the TPH organization to borrow securities in order to effect delivery. If, in the opinion of the Exchange, unusual circumstances exist, the Exchange may direct that the operation of this Rule be temporarily suspended for such period of time as it may determine, either with respect to the market generally, with respect to a specific security or securities, or with respect to a specific contract or contracts, but no such suspension shall relieve the party in default of any resulting damages.

***... Interpretations and Policies:***

.01 The provisions of this Rule apply to all open contracts—including “fails to deliver” as well as “fails to receive.” A TPH organization which has attempted to deliver securities pursuant to an open contract and has been unable to do so because the TPH organization on the other side has refused delivery, must close the contract in accordance with the provisions hereof. If a notice of intention to close a contract relates to securities to be delivered by the initiating party and such notice is returned, “DK’d” or has not been returned when due, the initiating party shall sell out such securities in accordance with paragraph (a)(3) of this Rule.

.02 Paragraph (a) of this Rule requires that the notice of intention be filed in quadruplicate with the defaulting TPH organization. The fourth copy should be stamped by the TPH organization to whom it is addressed to acknowledge receipt and then returned to and retained by the initiating party for its own records. When the TPH organization receiving the notice has completed the first, second and third copies of the notice, the first and second copies should be returned to the initiating TPH organization, together with any securities, and the third copy should be submitted, at the same time, to the Regulatory Division of the Exchange; the second copy should be stamped by the initiating TPH organization to acknowledge receipt and then returned to and retained by the defaulting party to whom it was addressed for its own records.

.03 Paragraph (a)(4) of this Rule requires that contracts which are designated as unacceptable for clearance must be closed. The procedure to be followed shall be the same as that followed in paragraphs (b), (c), (d) and (e) of Rule 10.14.

.04 A notice of intention to close a contract and a “fail add by seller” notice used pursuant to the provisions of this Rule shall be in such form and contain such information as shall be prescribed by the Exchange.

.05 Application for suspension of paragraph (a) of this Rule with respect to a specific contract shall be delivered to the Regulatory Division of the Exchange by 11:00 a.m. (Central Time) on the seventeenth business day after the original due date for delivery.

#### Rule 10.13. Closing of Contracts by Original Party

When Rule 6.61, Interpretation and Policy .06 or .07 permits the closing of a contract, an original party to the contract may close it, provided that written notice shall have been given to the other original party at least thirty minutes before such closing. If a Trading Permit Holder or TPH organization given up by an original party to a contract has been advised that the other party to the contract does not recognize it, or if the other party to the contract neglects or refuses to exchange written contracts as provided in Rule 6.65, he or it shall promptly notify the original party who acted for him or it, who may then close the contract as herein provided for original parties.

#### Rule 10.14. Procedure for Closing Defaulted Contract

A contract in securities (other than a contract the close-out of which is governed by the rules of a Clearing Corporation) which has not been fulfilled according to the terms thereof may be closed pursuant to the following procedures:



(a) The order to close such contract shall be delivered in duplicate to the Regulatory Division of the Exchange, and the Trading Permit Holder or TPH organization giving such order shall deliver at the office of the Trading Permit Holder or TPH organization in default notice of intention to make such closing. Every such order and every such notice shall be in writing, and shall state the name of the Trading Permit Holder or TPH organization giving the order, the date of the original contract to be closed, the maturity date and price of such contract, and for whose account. The Exchange shall determine the times for the delivery of notices of intention to close and orders to close, and the time for the closing of contracts; and if the time within which securities may be delivered shall be extended or shortened, the time limits established by the Exchange may be similarly extended or shortened. When a contract made for “cash” within an hour and one-half before the close of trading on a business day is to be closed on the same day, the time of the original transaction shall be stated on the order and notice, which shall be delivered within thirty minutes after the time of the transaction, and the contract shall not be closed until thirty-five minutes after the time of the transaction.

(b) The order to close will be given for execution to a representative of the TPH organization listed on the order as being in default. Such order shall be executed on that day, unless (i) a Floor Official shall defer the execution thereof because, in his opinion, a fair market in which to close the contract does not exist, or (ii) the party in default has physical possession of the securities in good deliverable form and has notified the Trading Permit Holder or TPH organization which initiated the order that it intends to make immediate delivery.

(c) The Trading Permit Holder to whom such order is given for execution shall promptly after the execution thereof furnish a copy of the order to close and a copy of the Floor Report, indicating the details of the execution of such order, to the Buy-in Desk on the floor. If such order is not executed, he shall return the original order to the Buy-in Desk within fifteen minutes after the close of trading, indicating the reason for its nonexecution. When a Floor Official has deferred execution of an order to close, his signature shall appear thereon.

(d) The Buy-in Desk will deliver a copy of the Floor Report to the booth of the Trading Permit Holder or TPH organization which initiated the order. The executing broker will have the responsibility of notifying promptly the Trading Permit Holder or TPH organization listed on the order as being in default as to the details of the execution. The Trading Permit Holder executing the order shall be entitled to receive a floor brokerage commission.

(e) The Trading Permit Holder or TPH organization which initiated the order shall promptly notify the party against whom the contract has been closed with respect to any money difference claimed as damages and may include therein any commissions paid or payable in connection with the execution of such order.

***... Interpretations and Policies:***

.01 An order to close a contract pursuant to this Rule may direct that such contract be closed on a “cash” basis only, or for “regular way” delivery or “next day” delivery in the event it

cannot be readily executed on a “cash” basis. If the order does not specifically authorize “regular way” delivery or “next day” delivery, the order will be handled as one to be executed on a “cash” basis only.

.02 A notice of cancellation or change in the quantity of an order to close by the TPH organization initiating such order pursuant to this Rule must be delivered to the Regulatory Division of the Exchange at least an hour and one-half before the close of trading. After that time, such notice must be delivered to the Trading Permit Holder to whom the order has been given for execution.

If an order to close is effectively cancelled in whole or in part by receipt of a notice of cancellation by the Trading Permit Holder to whom the order has been given for execution, the order should be returned, together with the notice of cancellation or change in quantity, to the Buy-in Desk.

If the defaulting party gives notice to the TPH organization which initiated the order to close that it has physical possession of some or all of the securities and will promptly deliver the same in accordance with Rule 10.19, it shall be the responsibility of such defaulting party to give notice thereof to the Trading Permit Holder to whom the order has been given for execution.

.03 See also Rules 10.15, 10.16, 10.17, 10.18, 10.19 and 10.20.

#### Rule 10.15. Notice of Intention to Successive Parties

Every Trading Permit Holder or TPH organization receiving notice that a contract is to be closed for his or its account because of non-delivery including a notice pursuant to the rules of a Clearing Corporation that an obligation of the Trading Permit Holder or TPH organization to deliver securities to the Clearing Corporation or under its rules is to be closed out for his or its own account, shall immediately re-transmit notice thereof to any other Trading Permit Holder or TPH organization from whom the securities involved are due. Every such re-transmitted notice shall be in writing and shall be delivered at the office of the Trading Permit Holder or TPH organization to whom it is addressed; it shall state the date of the contract upon which the securities are due from such Trading Permit Holder or TPH organization, the maturity date and price of such contract, and the name of the Trading Permit Holder or TPH organization who has given the original order to close.

#### Rule 10.16. Reserved

Reserved.

#### Rule 10.17. Liability of Succeeding Parties

(a) All Parties Bound. The closing of a contract pursuant to the Rules of the Exchange or pursuant to the rules of a Clearing Corporation shall be for the account and liability of each succeeding party in interest in such contract. Where notice that such contract will be closed has been re-transmitted as provided in Rule 10.15, such closing shall also automatically

close all contracts with respect to which such re-transmitted notice shall have been delivered prior to the closing.

(b) Re-Establishment of Contract. If such re-transmitted notice is sent by a Trading Permit Holder or TPH organization before the contract has been closed but is not received until after such closing, the Trading Permit Holder or TPH organization who sent the same may, unless otherwise agreed, promptly re-establish by a new sale the contract with respect to which such notice has been sent.

(c) Payment of Money Difference. Any money difference resulting from the closing of a contract, or from the re-establishment of a contract as herein provided, shall be paid not later than 2:00 p.m. (Central Time) on the following business day to the Trading Permit Holder or TPH organization entitled to receive the same.

#### Rule 10.18. Notice of Closing to Successive Parties

When a contract (other than a contract the close-out of which is governed by the rules of a Clearing Corporation) has been closed, the Trading Permit Holder or TPH organization who closed the same, or who gave the order to close the same, shall immediately notify the Trading Permit Holder or TPH organization for whose account the contract was closed. The Trading Permit Holder or TPH organization receiving such a notification or receiving notification that a contract has been closed pursuant to the rules of a Clearing Corporation shall immediately notify each succeeding party in interest and other Trading Permit Holders or TPH organizations to whom re-transmitted notice, as provided for in Rule 10.15, has been sent. Statements of resulting money differences, if any, shall also be rendered immediately.

#### Rule 10.19. Duty of Trading Permit Holder Giving Notice to Close

(a) When a Trading Permit Holder or TPH organization has given notice of intention to close a contract for non-delivery, or has re-transmitted notice thereof as provided in Rule 10.15, he or it must receive and pay for securities due upon such contract if tendered at his or its office prior to the closing of such contract.

(b) If the Trading Permit Holder or TPH organization against whom an order to close a contract has been filed pursuant to Rule 10.14 shall notify the Trading Permit Holder or TPH organization initiating such order that some or all of the securities (but not less than one trading unit) are in his or its physical possession and will be promptly delivered, then the order to close shall not be executed with respect to such securities, and the Trading Permit Holder or TPH organization who has given the original order to close shall accept and pay for such securities if tendered promptly.

(c) If such securities are not promptly tendered, the Trading Permit Holder or TPH organization who has stated that they would be promptly delivered shall be liable for any resulting damages.

#### Rule 10.20. Restrictions on Trading Permit Holders' Participation in Transaction to Close Defaulted Contracts

(a) When a contract is closed, any Trading Permit Holder or TPH organization accepting the bid or offer and not complying promptly therewith, shall be liable for any damages resulting therefrom.

(b) No Trading Permit Holder or TPH organization who for his or its own account has given an order to close a contract because of non-delivery shall fill the order by selling for his or its own account, either directly or through a broker, the securities named therein; and no Trading Permit Holder or TPH organization shall knowingly enable or permit any other person on whose behalf the order to close because of non-delivery has been issued to fill such order by selling for his own account the securities named therein. If a Trading Permit Holder or TPH organization has issued an order to close because of non-delivery and, acting for another principal, supplies the securities named therein, he or it must make delivery in accordance with the terms of the contract thus created, and may not by consent or otherwise fail to make such delivery. The Trading Permit Holder or TPH organization for whose account a contract is being closed, or any succeeding Trading Permit Holder or TPH organization in interest, or any Trading Permit Holder or TPH organization to who retransmitted notice has been sent, shall not accept the bid or offer, unless such Trading Permit Holder or TPH organization is acting for a principal other than the one for whose account the contract is being closed.

#### Rule 10.21. Closing Contracts in Suspended Securities

A contract (other than a contract governed by the rules of a Clearing Corporation) in securities that are suspended from dealings on the Exchange which has not been fulfilled according to the terms thereof may be closed in the best available market by the party thereto who is not in default.

#### Rule 10.22. Default in Loan of Money

When a loan of money is not paid before 1:15 p.m. (Central Time) of the day upon which it becomes due, the borrower shall be considered in default and the lender may, without notice, sell the securities pledged therefor, or so much thereof as may be necessary to liquidate the loan.]

\* \* \* \* \*

#### Rule 12.3. Margin Requirements

(a) – (b) No change.

(c) Customer Margin Account—Exception. The foregoing requirements are subject to the following exceptions. Nothing in this paragraph (c) shall prevent a broker-dealer from requiring margin from any account in excess of the amounts specified in these provisions.

(1) – (4) No change.

(5) Initial and Maintenance Margin Requirements on Short Options, Stock Index Warrants, Currency Index Warrants and Currency Warrants.

(A) – (B) No change.

(C) Related Securities Positions—Listed or OTC Options. Unless otherwise specified, margin must be deposited and maintained in the following amounts for each of the following types of positions.

(1) No change.

(2) Covered Calls/Covered Puts.

(a) No change.

(b) No margin is required for a call (put) index option contract or warrant carried in a short position where there is carried in the same account a long (short) position in an (i) underlying stock basket, (ii) index mutual fund, (iii) IPR [(as defined in Rule 1.1, Interpretation and Policy .02)], or (iv) IPS [(as defined in Rule 1.1, Interpretation and Policy .03)], that is based on the same index underlying the index option or warrant and having a market value at least equal to the aggregate current index value.

(c) No change.

(3) – (7) No change.

(d) – (e) No change.

(f) Market-Maker and specialist accounts.

(1) – (2) No change.

(3) Permitted Offset Transactions.

(A) – (B) No change.

(C)

(1) – (2) No change.

(3) On any business day on which positive net liquidating equity is not maintained in the account(s), the carrying TPH organization must make a call to the Trading Permit Holder for additional equity at least equal to the deficit and must notify the Exchange's Department of Financial Compliance of the deficit. The carrying TPH organization may extend no further credit in the account(s) until the account(s) maintains a positive net liquidating equity and, if the TPH organization's call for additional equity is not met, steps

should be taken promptly to liquidate the positions in the account(s). If the deficit is not resolved by noon of the following business day the carrying TPH organization must send telegraphic notice to the Exchange as well as the regional and national offices of the Securities and Exchange Commission. However, nothing in this subparagraph (C) shall prohibit the carrying firm from effecting hedging transactions in the deficit account with the prior written approval of the carrying firm's [SEC designated examining authority]DEA.

(4) No change.

(g) – (n) No change.

***... Interpretations and Policies:***

.1 – .4 No change.

.5 If the escrow agreement is forwarded to [The Options Clearing Corporation (“OCC”)]OCC, Trading Permit Holders should be aware that the OCC may have a different definition of “cash equivalent” than does Regulation T.

.6 No change.

.7 The term “aggregate current index value” means the current index value times the index multiplier; the term “aggregate exercise price” means the exercise price times the index multiplier; and the term “exercise settlement amount” means the difference between the aggregate exercise price and the aggregate current index value (as such terms are defined in [Article XVII of ]the OCC By-Laws [of The Options Clearing Corporation]).

\* \* \* \* \*

**Rule 13.4. Joint Back Office Participants**

(a) Requirements for Joint Back Office Participants. Every Trading Permit Holder or TPH organization that maintains a joint back office (“JBO”) arrangement with a clearing broker dealer subject to the requirements of Regulation T Section 220.7 of the Federal Reserve System shall comply with the requirements prescribed below:

1. Each JBO participant must be registered as a broker-dealer pursuant to Section 15 of the [Securities] Exchange Act [of 1934] and subject to the capital requirements prescribed by Rule 15c3-1 therein; and shall not be eligible to operate under the provisions of SEC Rule 15c3-1(b)(i).

2. Each JBO participant must meet and maintain a minimum account equity requirement of \$1,000,000 with each clearing broker-dealer where a JBO account is carried. If equity is below \$1,000,000 the carrying organization must issue a

call for additional funds or securities which shall be obtained within five business days. If funds or securities sufficient to eliminate the deficiency are not received within 5 business days, the carrying organization must margin the account in accordance with the requirements prescribed for a customer in Regulation T and [Exchange] Rule 12.3.

3. – 4. No change.

(b) Requirements for Clearing Trading Permit Holders Carrying the Accounts of JBO Participants. Every Clearing Trading Permit Holder carrying JBO accounts in accordance with Regulation T, Section 220.7 of the Federal Reserve Board is subject to the requirements outlined below:

1. No change.

2. Each TPH organization which maintains JBO accounts shall require and maintain equity of \$1,000,000 for each participant, over all related accounts. If equity is below \$1,000,000 the carrying organization must issue a call for additional funds or securities which shall be obtained within five business days. If funds or securities sufficient to eliminate the deficiency are not received within 5 business days, the carrying organization must margin the account in accordance with the requirements prescribed for a customer in Regulation T and [Exchange] Rule 12.3.

3. – 4. No change.

5. The TPH organization must develop risk analysis standards which are acceptable to the Exchange. At minimum these standards must comply with the requirements of [Cboe Options] Rule 15.8.

6. Each TPH organization which maintains JBO accounts must notify its [Designated Examining Authority (“DEA”)]DEA, in writing, of its intention to carry such accounts.

7. No change.

***... Interpretations and Policies:***

.01 JBO participants shall not be considered self-clearing for any purpose other than the extension of credit under [Cboe Options] Rule 12.3 or under the comparable rules of another self regulatory organization.

**Rule 13.5. Customer Portfolio Margin Accounts**

(a) No change.

(b) If, at any time, a TPH organization’s gross customer portfolio margin requirements exceed 1,000 percent of its net capital, the TPH organization shall immediately transmit

telegraphic or facsimile notice of such deficiency to the Office of Market Supervision, Division of Market Regulation, Securities and Exchange Commission, 100 F Street, NE, Washington, DC, 20549; to the district or regional office of the [Securities and Exchange] Commission for the district or region in which the TPH organization maintains its principal place of business; and to its [Designated Examining Authority]DEA.

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#### **CHAPTER XIV. RESERVED [COMMISSIONS]**

[Rule 14.1. Charging and Collection Mandatory

Rule 14.2. Reserved

Reserved

Rule 14.3. Reserved

Reserved

Rule 14.4. Exercised Contracts

Rule 14.5. Reserved

Reserved

Rule 14.6. Collection of Floor Brokerage

Rule 14.7. Intra-Member Rates for Clearance

Rule 14.8. Service to Small Investors]

\* \* \* \* \*

Rule 15.1. Maintenance, Retention and Furnishing of Books, Records and Other Information

Each Trading Permit Holder shall make, keep current and preserve such books and records as the Exchange may prescribe and as may be prescribed by the [Securities] Exchange Act [of 1934 and the Rules and Regulations thereunder] as though such Trading Permit Holder were a broker or dealer registered pursuant to Section 15 of such Act. No Trading Permit Holder shall refuse to make available to the Exchange such books, records or other information as may be called for under the Rules or as may be requested in connection with an investigation by the Exchange.

*. . . Interpretations and Policies:*



.01 No change.

.02 Each TPH organization that clears stock transactions and for which the Exchange is the [Designated Examining Authority]DEA shall maintain records of short stock positions in all customer and proprietary firm accounts for securities listed on a United States registered national securities exchange or for securities whose bids and offers are reported on the automated quotation system operated by the National Association of Securities Dealers, Inc. (“NASD”). Each such Trading Permit Holder that is not required to report short interest data to another stock exchange or to the NASD as a result of being a Trading Permit Holder of such organization shall report these short stock positions to either a stock exchange or to the NASD, as the Exchange so directs. The form, manner, and time of such report shall be specified by the appropriate exchange or the NASD.

\* \* \* \* \*

#### Rule 15.8A. Risk Analysis of Portfolio Margin Accounts

(a) Each TPH organization that maintains any portfolio margin accounts for customers shall establish and maintain a comprehensive written risk analysis methodology for assessing and monitoring the potential risk to the TPH organization’s capital over a specified range of possible market movements of positions maintained in such accounts. The risk analysis methodology shall specify the computations to be made, the frequency of computations, the records to be reviewed and maintained, and the person(s) within the organization responsible for the risk function. This risk analysis methodology must be filed with the TPH organization’s [Designated Examining Authority]DEA and submitted to the SEC prior to the implementation of portfolio margining.

\* \* \* \* \*

#### Rule 17.1. Disciplinary Jurisdiction

(a) A Trading Permit Holder or a person associated with a Trading Permit Holder (the “Respondent”) who is alleged to have violated or aided and abetted a violation of any provision of the [Securities] Exchange Act [of 1934, as amended (“Exchange Act”), the rules and regulations promulgated thereunder], [or Bylaw or rule of the Exchange]the Rules, or the Bylaws, or any interpretation thereof or resolution of the Board of the Exchange regulating the conduct of business on the Exchange shall be subject to the disciplinary jurisdiction of the Exchange under this Chapter, and after notice and opportunity for a hearing may be appropriately disciplined by expulsion, suspension, limitation of activities, functions, and operations, fine, censure, being suspended or barred from being associated with a Trading Permit Holder, suspension or revocation of one or more of the Respondent’s Trading Permits or any other fitting sanction, in accordance with provisions of the Chapter.

\* \* \* \* \*

#### Rule 17.2. Complaint and Investigation

(a) – (d) No change.

***. . . Interpretations and Policies:***

.01 – .04 No change.

.05 References to “Regulatory staff” in Chapter XVII mean the Exchange’s employees in the Regulatory Division, and, as applicable, may also mean employees of [the Financial Industry Regulatory Authority, Inc. (“FINRA”)]FINRA who are performing regulatory services to the Exchange in accordance with the regulatory services agreement entered into between the Exchange and FINRA.

\* \* \* \* \*

**Rule 18.2. Procedures in Trading Permit Holder Controversies**

The following procedures shall apply in any dispute, claim or controversy between parties who are Trading Permit Holders or persons associated with a Trading Permit Holder which is submitted for arbitration pursuant to Rule 18.1(a):

(a) Selection of Arbitrators. The arbitration panel shall be selected by the Director of Arbitration and shall consist of not less than three arbitrators. The arbitrators shall be selected from the Arbitration Committee or, if necessary, from a roster provided by [the Financial Industry Regulatory Authority, Inc. (“FINRA”)]FINRA of qualified non-public arbitrators and/or non-public chairperson-qualified arbitrators, as defined by FINRA’s rules governing arbitration industry disputes.

\* \* \* \* \*

**Rule 21.1. Definitions**

(a) – (l) No change.

Rule 21.1 replaces corresponding definitions set forth in Rule 1.1[(n), (o), (s), (t), and (y)].

\* \* \* \* \*

**Rule 21.10. Days and Hours of Business**

[The Board of Directors has resolved that e]Except under unusual conditions as may be determined by the [Board (or its designee)]Exchange, the hours during which Government securities options transactions may be made on the Exchange shall correspond to the hours during which underlying Government securities are normally traded.

***[. . . Interpretations and Policies:***

.01] Government securities option trading shall normally end at 2:00 p.m. (Chicago time). [Rule 21.10 and Interpretation and Policy 21.10.01 replace Interpretation and Policy 6.1.01.]

\* \* \* \* \*

Rule 21.18. [Post Coordinators]Limit Order Book for Government Securities Options

Notwithstanding any provision in the Rules to the contrary, [there shall be no Order Book Officials for Government securities options and] there shall be no limit order book for Government securities options. [The functions of Order Book Officials set forth in Rules 7.5 and 7.6 shall be performed with respect to Government securities options by an Exchange employee designated as the Post Coordinator for Government securities options.

Rule 21.18. supplements Rules 7.3, 7.4, 7.5 and 7.6.]

\* \* \* \* \*

Rule 24.1. Definitions

[Put

(a) The term “put” means an option contract under which the holder of the option has the right, in accordance with the terms and provisions of the option, to sell to the Clearing Corporation the current index value times the index multiplier.

Call

(b) The term “call” means an option contract under which the holder of the option has the right, in accordance with the terms of the option, to purchase from the Clearing Corporation the current index value times the index multiplier.

Aggregate Exercise Price

(c) The term “aggregate exercise price” means the exercise price of the option contract times the index multiplier.

Exercise Price

(d) The term “exercise price” means the specified price per unit at which the current index value may be purchased or sold upon the exercise of the option.]

(a) – (d) Reserved

(e) – (j) No change.

[European-Style Index Option]

(k) Reserved[The term “European-style index option” means a European-style option on an industry or market index.]

(l) No change.

[American-Style Index Option]

(m) Reserved[The term “American-style index option” means an American-style option on an industry or market index.]

(n) No change.

[Capped-Style Index Option]

(o) Reserved[The term “capped-style index option” is a capped-style option on a specific market index that is automatically exercised any time prior to its expiration when the cap price is less than or equals the closing index value for calls or when the cap price is greater than or equals the closing index value for puts. CAPS TM refers to capped-style options on the S&P 100 and S&P 500 indexes traded on the Exchange.]

(p) – (bb) No change.

***... Interpretations and Policies:***

.01 No change.

**Rule 24.2. Designation of the Index**

(a) The component securities of an index underlying an index option contract need not meet the requirements of Rule 5.3. Except as set forth in subparagraphs (b), (d), and (f) below, the listing of a class of index options on a new underlying index will be treated by the Exchange as a proposed rule change subject to filing with and approval by the [Securities and Exchange] Commission [(“Commission”)] under Section 19(b) of the Exchange Act.

(b) – (e) No change.

(f) Notwithstanding paragraph (a) above, the Exchange may trade options on a broad-based index pursuant to Rule 19b-4(e) of the [Securities] Exchange Act [of 1934 (“Exchange Act”)], if each of the following conditions is satisfied:

(1) – (8) No change.

(9) Each component security is an [“]NMS stock[”] as defined in Rule 600 of Regulation NMS under the Exchange Act];

\* \* \* \* \*

## Rule 24.6. Days and Hours of Business

(a) [The Board of Directors has resolved that, except as otherwise provided in this Rule or under unusual conditions as may be determined by the Board or its designee, t]Transactions in index options may be effected on the Exchange during the Regular Trading Hours of 8:30 a.m. Chicago time to 3:15 p.m. Chicago time. The Exchange may also authorize transactions in certain index options to be effected on the Exchange during Global Trading Hours as set forth in Rule 6.1A. With respect to options on foreign indexes, the [Board's designee shall]Exchange will determine the days and hours of business.

\* \* \* \* \*

## Rule 24.9. Terms of Index Option Contracts

(a) – (c) No change.

(d)

(1) – (5) No change.

(6) For the Delayed Start Option Series of a given index option class, the Exchange shall determine the appropriate market model, including [the trading platform (e.g., Cboe Options Hybrid Trading System or Hybrid 3.0 Platform) and] the eligible categories of Market-Maker participants [on that platform] as provided in Rule 8.14, allocation algorithms, and other trading parameters.[(i)] The market model for the Delayed Start Option Series of a given index option class may differ from the market model for the non-Delayed Start Option Series of the same class and may differ for the periods before and after the strike setting date.

[(ii) To the extent that the Delayed Start Option Series of a given index option class trade on a platform that differs from the other series of the same class, (A) a Market-Maker participant with an appointment in the class may (but is not required to) seek an appointment to the Delayed Start Option Series of that class for no additional “appointment cost,” and (B) the continuous electronic quoting obligations shall apply to only those series that the Market- Maker participant is able to quote electronically.]

\* \* \* \* \*

## Rule 24.13. Trading Rotations

The opening rotation for index options shall be held at or as soon as practicable after 8:30 a.m. (CT) for Regular Trading Hours and at or as soon as practicable after 2:00 a.m. (CT) for Global Trading Hours. Except as the Exchange may direct, opening rotations shall be conducted in the order and manner the [Designated Primary Market-Maker (“DPM”) or Lead Market-Maker (“LMM”)]DPM or LMM acting in such class of options determines

to be appropriate under the circumstances. The Exchange may provide for the opening rotation to be conducted using the procedures as described in this Rule 24.13 or in Rule 6.2. The DPM or LMM, with the approval of two Floor Officials, may deviate from any rotation policy or procedure issued by the Exchange when they conclude in their judgment that such action is appropriate in the interests of a fair and orderly market.

***... Interpretations and Policies:***

.01 No change.

.02 The commencement of the opening rotation in an index option may be delayed whenever in the judgment of two Floor Officials such action is appropriate in the interests of a fair and orderly market. Among the factors that may be considered by the Floor Officials are: (i) unusual conditions or circumstances in other markets; (ii) an influx of orders that has adversely affected the ability of the [OBO and/or] Market-Makers to provide and to maintain fair and orderly markets; (iii) activation of opening price limits in stock index futures on one or more futures exchanges; (iv) activation of daily price limits in stock index futures on one or more futures exchanges; (v) the extent to which either there has been a delay in opening or trading is not occurring in stocks underlying the index; (vi) circumstances such as those which would result in the declaration of a fast market under Rule 6.6.

\* \* \* \* \*

**Rule 24.21. Index Crowd Space Dispute Resolution Procedures**

This Rule applies only to Trading Permit Holders who trade OEX, SPX, DJX and DIA options on the floor of the Exchange, or who trade any other index option not located at a station shared with equity options as determined by the Exchange.

(a) – (d) No change.

(e) Hearing Requests and Hearing Fee. If the Space Mediator or the Space Mediator's designee is unable to mediate an amicable resolution of the dispute among the Trading Permit Holders involved, any of them may request a hearing in the dispute by completing and submitting a Hearing Request form to the Office of the Secretary along with the payment of a Hearing Fee. The amount of the Hearing Fee shall be a minimum of one thousand dollars (\$1,000) per Trading Permit Holder, and may be greater under certain circumstances set forth in this subsection. The Exchange may increase the Minimum Hearing Fee periodically pursuant to [Exchange] Rule 2.[22]1 in order to maintain the Minimum Hearing Fee at a level that the Exchange deems sufficient to encourage amicable resolution of crowd space disputes. Upon receipt of the Hearing Request form and Hearing Fee, the Office of the Secretary shall instruct the Exchange to collect the appropriate Hearing Fee from each additional party to the dispute pursuant to Exchange Rule 3.23. For any party who has previously been a party to a crowd dispute resolution hearing within the past twelve months, the Hearing Fee that party will pay for being a party to a subsequent hearing within twelve months of the last hearing will be twice the

Hearing Fee that party paid for the previous hearing. After the hearing on the dispute is held and all rights of appeal are exhausted, only the prevailing party in the dispute shall obtain a refund of the Hearing Fee from the Exchange. A prevailing party who becomes a party in a subsequent hearing within twelve months of the hearing in which he prevailed shall not pay a higher Hearing Fee because of the hearing in which he prevailed.

(f) – (m) No change.

#### Rule 24.22. Allocation of Trading Spaces

(a) No change.

(b) Cboe Options may, in its discretion, determine the specific dimensions and parameters of each trading space in a trading crowd, provided that each Trading Permit Holder performing a specific trading function (i.e., [Designated Primary Market-Maker (“DPM”), Lead Market-Maker (“LMM”)]DPM, LMM, Market-Maker, or Floor Broker) in a trading crowd be allocated the same amount of space as each other Trading Permit Holder performing the same respective trading function in that trading crowd. Any determinations made by the Exchange pursuant to this Rule as to the specific dimensions and parameters of the trading spaces within a particular trading crowd shall be communicated in a Regulatory Circular.

\* \* \* \* \*

#### Rule 24A.5. FLEX Trading Procedures and Principles

(a) – (d) No change.

(e) Incremental Changes for Bids and Offers

Changes in decimal bids and offers for FLEX Options shall be determined by the Exchange on a class-by-class basis, but may not be smaller than \$0.01. For premiums stated using a percentage-based methodology, changes in such bids and offers shall be determined by the Exchange on a class-by-class basis, but may not be smaller than 0.01%, and shall be rounded to the nearest minimum tick. Pronouncements regarding the applicable minimum increment shall be announced to the Trading Permit Holders via Regulatory Circular.

This rule supersedes [Exchange] Rules 6.5, 6.9(d)\_(in those situations where a Submitting Trading Permit Holder representing an eligible order determines to take advantage of the crossing participation entitlement provisions of this Rule), 6.41, 6.42\_(paragraphs (1) through (3) and those provisions of paragraph (4) pertaining to complex orders in options on the S&P 500 Index or on the S&P100 Index that are not box/roll spreads), 6.44, 6.45, 6.53 (definitions of Opening Rotation order and Facilitation order), [(paragraphs (l) and (m)),] 6.74, (except that the Exchange may designate a class to be eligible for the tied hedge procedures set forth in Interpretation and Policy .10), 24.8 and 24.9.

\* \* \* \* \*

## Rule 24A.7. Position Limits and Reporting Requirements

## (a) FLEX Index Options

(1) – (3) No change.

(4) In no event shall the position limits for a micro narrow-based FLEX Index Option class exceed one times the applicable number of Non-FLEX Index Option contracts (whether long or short) of the [put class and the call] class on the same side of the market, as determined on the basis of the position limits established pursuant to Rule 24.4B.

\* \* \* \* \*

## Rule 28.9. Days and Hours of Business

The Exchange has resolved that except under unusual conditions as may be determined by the Exchange, hours during which Corporate Debt Security options transactions may be made on the Exchange shall be from 8:30 a.m. to 3:00 p.m. Chicago time.

[Rule 28.9 replaces, for purposes of Chapter XVIII, Interpretation and Policy .01 to Rule 6.1.]

\* \* \* \* \*

## Rule 29.11. Days and Hours of Business

The Exchange has resolved that except under unusual conditions as may be determined by the Exchange, the hours during which Credit Options transactions may be made on the Exchange shall be from 8:30 a.m. to 3:00 p.m. (CT).

[Rule 29.11 supplements Interpretation and Policy .02 to Rule 6.1.]

\* \* \* \* \*

## Rule 29.17. Market-Maker Appointments &amp; Obligations

(a) No change.

(b) A Credit Option-appointed Market-Maker may, but shall not be obligated to enter a response to a request for quotes on a Credit Option class in which he is appointed. However, [the Order Book Official or] two Trading Officials may call upon Credit Option-appointed Market-Makers to provide quotes in their appointed classes. In addition, a Credit Option-appointed Market-Maker need not provide continuous quotes or quote a minimum bid-offer spread, but when quoting the Market-Maker's minimum value size shall be at least [1]one contract.

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