

OMB APPROVAL

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Page 1 of * 25

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

File No.* SR - 2019 - * 029

Amendment No. (req. for Amendments *)

Filing by Cboe Exchange, Inc.

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

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

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

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

Section 806(e)(1) *

☐

Section 806(e)(2) *

☐

Section 3C(b)(2) *

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Exhibit 2 Sent As Paper Document



Exhibit 3 Sent As Paper Document



Description

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

The Exchange proposes to amend certain rules relating to the registration of Trading Permit Holders.

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 * Corinne Last Name * Klott
 Title * Assistant General Counsel
 E-mail * ckloott@cboe.com
 Telephone * (312) 786-7793 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 06/06/2019

By Corinne Klott

(Name *)

Assistant 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.

ckloott@cboe.com

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

Add Remove View

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

Exhibit 1 - Notice of Proposed Rule Change *

Add Remove View

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

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

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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

Add Remove View

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

Partial Amendment

Add Remove View

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

Item 1. Text of the Proposed Rule Change

(a) Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) proposes to amend its rules relating to registration of Trading Permit Holders. 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 June 5, 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 Corinne Klott, (312) 786-7793, 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

The Exchange proposes to amend certain rules relating to the registration of its Trading Permit Holders (“TPHs”).

Qualifications of TPHs

The Exchange first proposes to amend its rules that set forth the qualifications required to be an individual TPH or TPH organization. Particularly, Rule 3.2(b) currently provides, among other things, that an individual must be approved to engage in one or more of the following enumerated trading functions: (i) Market-Maker, (ii) Floor Broker, (iii) Proprietary Trading Permit Holder, (iv) DPM Designee, (v) FLEX Appointed Market-

Maker and (vi) FLEX Qualified Market-Maker. Similarly, Rule 3.3(b) provides, in relevant part that a TPH organization must be approved to engage in one or more of the following trading functions: (i) TPH organization approved to transact business with the public, (ii) Clearing Trading Permit Holder, (iii) order service firm, (iv) Market-Maker; (v) Lead Market-Maker, (vi) Designated Primary Market-Maker, and (vii) Proprietary Trading Permit Holder.

The Exchange proposes to eliminate subparagraph (b) of Rules 3.2 and 3.3. The Exchange does not believe it is necessary to enumerate in the manner that it has the trading functions for which a TPH may be approved to engage in, nor is it required to do so. Indeed, the Exchange notes that other Exchanges with similar rules governing member qualifications do not include such a list, including its affiliate Exchanges.¹ The Exchange believes eliminating the enumerated categories from its rules provides the Exchange more flexibility in the future should additional registration capacities be added or removed. In connection with the proposed change, the Exchange also proposes to eliminate cross references to Rules 3.2(b) and 3.3(b).²

TPH Orientation and Qualification Examination

The Exchange proposes to amend its rule governing the Exchange's Trading Permit Holder Orientation Program and Trading Permit Holder Qualification Exam. Rule 3.9(e) currently provides that any person applying pursuant to paragraph (a) of Rule 3.9 to have an

¹ See Rules of Cboe C2, Exchange, Inc., Cboe BZX Exchange, Inc., Cboe BYX Exchange, Inc., Cboe EDGX Exchange, Inc. and Cboe EDGX Exchange, Inc. See also e.g., Nasdaq PHLX LLC Rule 910 and Nasdaq PHLX Rulebook generally. See also, NYSE Arca LLC Rules 2.2, 2.3 and NYSE Arca Rulebook generally.

² The Exchange notes that Rule 3.10 references Rule 3.3(c) instead of Rule 3.3(b). The Exchange notes it inadvertently failed to update the reference and that indeed, subparagraph (c) of Rule 3.3 no longer exists.

authorized trading function³ is required to complete the Exchange's Trading Permit Holder Orientation Program ("TPH Orientation") and to pass an Exchange Trading Permit Holder Qualification Exam ("TPH Exam"). The Exchange proposes to eliminate in its entirety the requirement to complete the TPH Orientation and take the TPH Exam. Particularly, the Exchange believes that the qualification requirements under Exchange Rule 3.6A adequately test TPH applicants' knowledge of the securities industry. For example, all representative-level applicants are now required to take the Securities Industry Essentials Examination ("SIE") which assesses basic product knowledge; the structure and function of the securities industry markets, regulatory agencies and their functions; and regulated and prohibited practices in addition to passing the appropriate qualification examination (e.g., Series 57). Additionally, the Exchange notes that all TPHs are subject to continuing education requirements under Rule 9.3A, which, among other things, requires each TPH and TPH organization to maintain a continuing and current education program for its covered registered persons to enhance their securities knowledge, skills and professionalism. As such, the Exchange believes requiring such individuals to also attend a TPH Orientation and take a TPH Exam in order to participate on the Exchange is unnecessary and duplicative. The Exchange therefore seeks to eliminate these requirements.

(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

³ Currently, Floor Brokers, Market-Makers (which includes DPM Designees, FLEX Appointed Market-Makers and FLEX Qualified Market-Makers), and Proprietary Traders applying pursuant to Rule 3.9 are subject to the TPH Orientation and TPH Exam.

the Exchange and, in particular, the requirements of Section 6(b) of the Act.⁴ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁵ 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. In addition, the Exchange believes that the proposed rule change is consistent with Section 6(c)(3)(B) of the Act,⁶ which authorizes exchanges to prescribe standards of training, experience and competence for persons associated with exchange members, and gives exchanges the authority to bar a natural person from becoming a member or a person associated with a member, if the person does not meet the standards of training, experience and competence prescribed in the rules of the exchange.

In particular, the Exchange believes eliminating from its rules a list of trading functions individual TPHs and TPH organizations may be approved to engage in is not a substantive change as it does not affect any rights or obligations of TPHs. Rather, the Exchange merely no longer wishes to maintain Rules 3.2(b) and 3.3(b) and notes it is not required to do so. As noted above, several other Exchanges similarly do not maintain any provisions similar to current Rules 3.2(b) and 3.3(b), including its affiliate Exchanges. Accordingly, the proposed rule change will also provide further harmonization across its

⁴ 15 U.S.C. 78f(b).

⁵ 15 U.S.C. 78f(b)(5).

⁶ 15 U.S.C. 78f(c)(3)(B).

affiliated exchanges with respect to its registration rules, which may alleviate potential confusion.

Next, the Exchange notes that under Section 6(c)(3)(B) of the Act, the Exchange is authorized to prescribe standards of training, experience and competence for persons associated with exchange members. The Exchange believes the standards of training, experience and competence it has prescribed under its rules, not including the TPH Orientation and Exam are, on their own, an adequate prescription of training, experience and competence. Indeed, the Exchange believes the requirements related to training, experience and competence currently set forth under rules 3.6A, along with continuing education requirements set forth under Rule 9.3A, are designed to help ensure professionalism among market participants, prevent fraudulent and manipulative practices, and promote just and equitable principles of trade. Moreover, the Exchange believes the prescribed qualification exams required under Rule 3.6A align with the various trading functions and associated tasks that would be performed by a TPH applicant currently subject to the TPH Exam and tests knowledge of the most current laws, rules, regulations and skills relevant to the respective functions and associated tasks. The Exchange therefore believes that any TPH applicant that can satisfy such requirements has demonstrated that he or she has attained a sufficient level of competence and knowledge to participate on the Exchange. In sum, the Exchange has determined that the requisite knowledge necessary to participate on the Exchange can be assessed adequately by the qualification examinations prescribed under Rule 3.6A and that a TPH Orientation and Exam requirement provides no material improvements to the qualification process. Accordingly, the Exchange believes requiring such individuals to

also complete the TPH Orientation and take the TPH Exam is redundant and unnecessary. Furthermore, the Exchange believes that it is in the interests of all market participants to provide consistent qualification and registration requirements across markets and notes that its affiliated markets do not have any exchange-specific testing requirements. The Exchange lastly notes that there is no requirement to develop or maintain an exchange-developed test for member applicants.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Particularly, the Exchange does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the proposed changes apply to all TPH applicants. The Exchange does not believe that the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the proposed change only affects those applying for membership to Cboe Options. To the extent that the proposed change makes Cboe Options a more attractive marketplace for market participants at other exchanges, such market participants are welcome to become Cboe Options market participants. Lastly, the Exchange notes that it believes the proposed changes will reduce the regulatory burden placed on market participants engaged in trading activities by eliminating a redundant and unnecessary exam. Indeed, the proposed rule change will provide further harmonization of registration requirements across various markets, including its affiliates, which will reduce burdens on competition by removing impediments to participation in

the national market system and promoting competition among participants across the multiple national securities exchanges.

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

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

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 Act⁷ and Rule 19b-4(f)(6)⁸ 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.

⁷ 15 U.S.C. 78s(b)(3)(A).

⁸ 17 CFR 240.19b-4(f)(6).

The Exchange believes its proposal to eliminate from its rules a list of approved trading functions does not significantly affect the protection of investors or the public interest because it does not affect any rights or obligations of TPHs and is not a substantive change. Rather, the Exchange merely no longer wishes to maintain such a list in its rules and notes it is not required to do so. Additionally, other Exchanges similarly do not maintain such a list in their rules, including the Exchange's own affiliates.

The Exchange believes its proposal to eliminate the TPH Orientation and TPH Exam does not significantly affect the protection of investors or the public interest because the individuals that will no longer be subject to these requirements are already subject to passing other qualification examination(s) which assess among other things, basic product knowledge; the structure and function of the securities industry markets, regulatory agencies and their functions and also subject to continuing education obligations. The Exchange believes that the qualification examinations otherwise required under its rules, including Rule 3.6A, adequately cover the knowledge necessary for market participants to participate on the exchange. As noted above, the Exchange has determined that the requisite knowledge necessary to participate on the Exchange is assessed adequately by the qualification examinations prescribed under Rule 3.6A and that a TPH Orientation and Exam requirement therefore provides no material improvements to the qualification process. Accordingly, the Exchange believes the proposed rule change merely eliminates redundant and unnecessary testing. Moreover, by eliminating a redundant and unnecessary exam, the Exchange reduces the regulatory burden placed on market participants. The Exchange also notes that there is no requirement that an exchange maintain an exchange-developed test and that indeed, other

exchanges do not offer such a test, including the Exchange's affiliates. Lastly, the proposed rule change does not impose any significant burden on competition because it will apply uniformly to all similarly situated TPH applicants.

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

(c) Not applicable.

(d) Not applicable.

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

The proposed rule change is not based on a rule either of another self-regulatory organization or of the Commission.

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

Not applicable.

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

Not applicable.

Item 11. Exhibits

Exhibit 1. Completed Notice of Proposed Rule Change for publication in the Federal Register.

Exhibit 5. Proposed rule text.

EXHIBIT 1**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34- ; File No. SR-CBOE-2019-029]

[Insert date]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Amend its Rules Relating to Registration of Trading Permit Holders

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on [insert date], Cboe 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 Act³ and Rule 19b-4(f)(6) thereunder.⁴ The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) proposes to amend its rules relating to registration of Trading Permit Holders. The text of the proposed rule change is provided in Exhibit 5.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b-4(f)(6).

The text of the proposed rule change is also available on the Exchange's website (<http://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

The Exchange proposes to amend certain rules relating to the registration of its Trading Permit Holders ("TPHs").

Qualifications of TPHs

The Exchange first proposes to amend its rules that set forth the qualifications required to be an individual TPH or TPH organization. Particularly, Rule 3.2(b) currently provides, among other things, that an individual must be approved to engage in one or more of the following enumerated trading functions: (i) Market-Maker, (ii) Floor Broker, (iii) Proprietary Trading Permit Holder, (iv) DPM Designee, (v) FLEX Appointed Market-Maker and (vi) FLEX Qualified Market-Maker. Similarly, Rule 3.3(b) provides, in relevant part that a TPH organization must be approved to engage in one or more of the following trading functions: (i) TPH organization approved to transact business with the public, (ii) Clearing Trading Permit Holder, (iii) order service firm, (iv) Market-Maker; (v) Lead

Market-Maker, (vi) Designated Primary Market-Maker, and (vii) Proprietary Trading Permit Holder.

The Exchange proposes to eliminate subparagraph (b) of Rules 3.2 and 3.3. The Exchange does not believe it is necessary to enumerate in the manner that it has the trading functions for which a TPH may be approved to engage in, nor is it required to do so. Indeed, the Exchange notes that other Exchanges with similar rules governing member qualifications do not include such a list, including its affiliate Exchanges.⁵ The Exchange believes eliminating the enumerated categories from its rules provides the Exchange more flexibility in the future should additional registration capacities be added or removed. In connection with the proposed change, the Exchange also proposes to eliminate cross references to Rules 3.2(b) and 3.3(b).⁶

TPH Orientation and Qualification Examination

The Exchange proposes to amend its rule governing the Exchange's Trading Permit Holder Orientation Program and Trading Permit Holder Qualification Exam. Rule 3.9(e) currently provides that any person applying pursuant to paragraph (a) of Rule 3.9 to have an authorized trading function⁷ is required to complete the Exchange's Trading Permit Holder Orientation Program ("TPH Orientation") and to pass

⁵ See Rules of Cboe C2, Exchange, Inc., Cboe BZX Exchange, Inc., Cboe BYX Exchange, Inc., Cboe EDGX Exchange, Inc. and Cboe EDGX Exchange, Inc. See also e.g., Nasdaq PHLX LLC Rule 910 and Nasdaq PHLX Rulebook generally. See also, NYSE Arca LLC Rules 2.2, 2.3 and NYSE Arca Rulebook generally.

⁶ The Exchange notes that Rule 3.10 references Rule 3.3(c) instead of Rule 3.3(b). The Exchange notes it inadvertently failed to update the reference and that indeed, subparagraph (c) of Rule 3.3 no longer exists.

⁷ Currently, Floor Brokers, Market-Makers (which includes DPM Designees, FLEX Appointed Market-Makers and FLEX Qualified Market-Makers), and Proprietary Traders applying pursuant to Rule 3.9 are subject to the TPH Orientation and TPH Exam.

an Exchange Trading Permit Holder Qualification Exam (“TPH Exam”). The Exchange proposes to eliminate in its entirety the requirement to complete the TPH Orientation and take the TPH Exam. Particularly, the Exchange believes that the qualification requirements under Exchange Rule 3.6A adequately test TPH applicants’ knowledge of the securities industry. For example, all representative-level applicants are now required to take the Securities Industry Essentials Examination (“SIE”) which assesses basic product knowledge; the structure and function of the securities industry markets, regulatory agencies and their functions; and regulated and prohibited practices in addition to passing the appropriate qualification examination (e.g., Series 57). Additionally, the Exchange notes that all TPHs are subject to continuing education requirements under Rule 9.3A, which, among other things, requires each TPH and TPH organization to maintain a continuing and current education program for its covered registered persons to enhance their securities knowledge, skills and professionalism. As such, the Exchange believes requiring such individuals to also attend a TPH Orientation and take a TPH Exam in order to participate on the Exchange is unnecessary and duplicative. The Exchange therefore seeks to eliminate these requirements.

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.⁸ Specifically, the Exchange believes the proposed rule change is consistent with the

⁸ 15 U.S.C. 78f(b).

Section 6(b)(5)⁹ 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. In addition, the Exchange believes that the proposed rule change is consistent with Section 6(c)(3)(B) of the Act,¹⁰ which authorizes exchanges to prescribe standards of training, experience and competence for persons associated with exchange members, and gives exchanges the authority to bar a natural person from becoming a member or a person associated with a member, if the person does not meet the standards of training, experience and competence prescribed in the rules of the exchange.

In particular, the Exchange believes eliminating from its rules a list of trading functions individual TPHs and TPH organizations may be approved to engage in is not a substantive change as it does not affect any rights or obligations of TPHs. Rather, the Exchange merely no longer wishes to maintain Rules 3.2(b) and 3.3(b) and notes it is not required to do so. As noted above, several other Exchanges similarly do not maintain any provisions similar to current Rules 3.2(b) and 3.3(b), including its affiliate Exchanges. Accordingly, the proposed rule change will also provide further harmonization across its affiliated exchanges with respect to its registration rules, which may alleviate potential confusion.

⁹ 15 U.S.C. 78f(b)(5).

¹⁰ 15 U.S.C. 78f(c)(3)(B).

Next, the Exchange notes that under Section 6(c)(3)(B) of the Act, the Exchange is authorized to prescribe standards of training, experience and competence for persons associated with exchange members. The Exchange believes the standards of training, experience and competence it has prescribed under its rules, not including the TPH Orientation and Exam are, on their own, an adequate prescription of training, experience and competence. Indeed, the Exchange believes the requirements related to training, experience and competence currently set forth under rules 3.6A, along with continuing education requirements set forth under Rule 9.3A, are designed to help ensure professionalism among market participants, prevent fraudulent and manipulative practices, and promote just and equitable principles of trade. Moreover, the Exchange believes the prescribed qualification exams required under Rule 3.6A align with the various trading functions and associated tasks that would be performed by a TPH applicant currently subject to the TPH Exam and tests knowledge of the most current laws, rules, regulations and skills relevant to the respective functions and associated tasks. The Exchange therefore believes that any TPH applicant that can satisfy such requirements has demonstrated that he or she has attained a sufficient level of competence and knowledge to participate on the Exchange. In sum, the Exchange has determined that the requisite knowledge necessary to participate on the Exchange can be assessed adequately by the qualification examinations prescribed under Rule 3.6A and that a TPH Orientation and Exam requirement provides no material improvements to the qualification process. Accordingly, the Exchange believes requiring such individuals to also complete the TPH Orientation and take the TPH Exam is redundant and unnecessary. Furthermore, the Exchange believes that it is in the interests of all market participants to

provide consistent qualification and registration requirements across markets and notes that its affiliated markets do not have any exchange-specific testing requirements. The Exchange lastly notes that there is no requirement to develop or maintain an exchange-developed test for member applicants.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Particularly, the Exchange does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the proposed changes apply to all TPH applicants. The Exchange does not believe that the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the proposed change only affects those applying for membership to Cboe Options. To the extent that the proposed change makes Cboe Options a more attractive marketplace for market participants at other exchanges, such market participants are welcome to become Cboe Options market participants. Lastly, the Exchange notes that it believes the proposed changes will reduce the regulatory burden placed on market participants engaged in trading activities by eliminating a redundant and unnecessary exam. Indeed, the proposed rule change will provide further harmonization of registration requirements across various markets, including its affiliates, which will reduce burdens on competition by removing impediments to participation in the national market system and promoting competition among participants across the multiple national securities exchanges.

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

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

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

Because the foregoing proposed rule change does not:

- A. significantly affect the protection of investors or the public interest;
- B. impose any significant burden on competition; and
- 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 Act¹¹ and Rule 19b-4(f)(6)¹² 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:

¹¹ 15 U.S.C. 78s(b)(3)(A).

¹² 17 CFR 240.19b-4(f)(6).

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-CBOE-2019-029 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-2019-029. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, D.C. 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All

submissions should refer to File Number SR-CBOE-2019-029 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.¹³

Secretary

¹³ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

(additions are underlined; deletions are [bracketed])

* * * * *

Rules of Cboe Exchange, Inc.

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Rule 3.2. Qualifications of Individual Trading Permit Holders

[(a)] An individual must satisfy the following requirements in order to be an individual Trading Permit Holder, whether in the capacity of a holder of a Trading Permit or a nominee of a TPH organization:

- (i) the individual must be at least 21 years of age;
- (ii) the individual must be registered as a broker or dealer pursuant to Section 15 of the Exchange Act or be associated with a TPH organization that is registered as a broker or dealer pursuant to Section 15 of the Exchange Act; and
- (iii) the person must meet the other qualification requirements for being a Trading Permit Holder under the Bylaws and Rules.

[(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;
- (ii) Floor Broker;
- (iii) Proprietary Trading Permit Holder;
- (iv) DPM Designee;
- (v) FLEX Appointed Market-Maker; and
- (vi) FLEX Qualified Market-Maker.]

Rule 3.3. Qualifications of TPH Organizations

[(a)] An organization must satisfy the following requirements in order to be a TPH organization:

- (i) the organization must be a corporation, partnership, or limited liability company;

(ii) the organization must be registered as a broker or dealer pursuant to Section 15 of the Exchange Act; and

(iii) the organization must meet the other qualification requirements under the Bylaws and Rules, including obtaining a Trading Permit.

[(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; (ii) Clearing Trading Permit Holder; (iii) order service firm; (iv) Market-Maker; (v) Lead Market-Maker; (vi) Designated Primary Market-Maker; and (vii) Proprietary Trading Permit Holder.]

* * * * *

Rule 3.9 Application Procedures and Approval or Disapproval

(a) Any individual or organization desiring to become a Trading Permit Holder, any applicant or Trading Permit Holder desiring to act in one or more of the trading functions authorized by the Rules [set forth in Rule 3.2(b) or Rule 3.3(b)], any associated person required to be approved by the Exchange pursuant to Rule 3.6(b), and any Trading Permit Holder desiring to change the Clearing Trading Permit Holder that guarantees the Trading Permit Holder's Exchange transactions shall submit an application to the TPH Department in a form and manner prescribed by the Exchange.

(e) Reserved. [Any person applying pursuant to paragraph (a) of this Rule to have an authorized trading function is required to have completed the Exchange's Trading Permit Holder Orientation Program and to have passed an Exchange Trading Permit Holder Qualification Exam. Additionally, any person who has completed the Trading Permit Holder Orientation Program and taken and passed the applicable Trading Permit Holder Qualification Exam and who then does not possess an authorized trading function or Exchange trading floor capacity for more than 1 year is required to complete the Trading Permit Holder Orientation Program and to re-pass the applicable Trading Permit Holder Qualification Exam in order to once again become eligible to have an authorized trading function. A person must score 75% or better on the applicable Trading Permit Holder Qualification Exam in order to pass the Exam. Any person who fails the applicable Trading Permit Holder Qualification Exam must wait 30 days to re-take the Exam after failing the Exam for the first time, must wait 60 days to re-take the Exam after failing the Exam for the second time, and must wait 120 days to re-take the Exam after failing the Exam for a third or subsequent time. The Exchange may not waive any of the requirements set forth in this paragraph (e).]

(f) The Exchange may approve an application submitted pursuant to paragraph (a) of this Rule only if any investigation pursuant to paragraph (d) of this Rule has been completed[, and any applicable orientation and exam requirements pursuant to paragraph (e) of this Rule have been satisfied].

Rule 3.10 Effectiveness of Trading Permit Holder or Approved Associated Person
Status

(a) Each applicant to be a Trading Permit Holder, for one of the trading functions authorized by the Rules [set forth in Rule 3.2(b) or Rule 3.3(c)], or for an approved associated person status pursuant to Rule 3.6(b) must become effective in that status within 90 days of the date of the applicant's approval for that status.
