

OMB APPROVAL

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

File No.* SR - 2019 - * 031

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) *

☐

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 its Fees Schedule with respect to expiring fee waivers and incentive programs.

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 * ckloft@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 06/28/2019

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.

ckloft@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 amend its Fees Schedule with respect to expiring fee waivers and incentive programs.

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 14, 2019.

(b) Please refer questions and comments on the proposed rule change to Patrick Sexton, Executive Vice President, General Counsel, and Corporate Secretary, (312) 786-7467, 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 its Fees Schedule relating to various fee waivers and incentive programs that are set to expire June 30, 2019. The Exchange proposes to implement these amendments to its Fees Schedule on July 1, 2019.

Sector Indexes Facilitation Fee

First, the Exchange proposes to extend the current waiver of fees for facilitation orders in Sector Index options¹. Currently, Footnote 11 of the Fees Schedule provides that for facilitation orders for Sector Index options executed in open outcry, or

¹ See Cboe Options Fees Schedule, Footnote 47.

electronically via AIM or as a Qualified Contingent Cross order (“QCC”) or CFLEX transaction, the Exchange will assess no Clearing Trading Permit Holder Proprietary transaction fees through June 30, 2019. By way of background “facilitation orders” are defined as any order in which a Clearing Trading Permit Holder (“F” origin code) or Non-Trading Permit Holder Affiliate (“L” origin code) is contra to any other origin code order, provided the same executing broker and clearing firm are on both sides of the transaction (for open outcry) or both sides of a paired order (for orders executed electronically).² In adopting a waiver for facilitation fees in Sector Index options, the Exchange recognized that Clearing Trading Permit Holders can be an important source of liquidity when they facilitate their own customers’ trading activity and, as such, the Exchange applied a waiver of Clearing Trading Permit Holder Proprietary transaction fees for facilitation orders through June 30, 2019.³ The Exchange continues to recognize the important role Clearing Trading Permit Holders play with respect to facilitating their own customers’ trading activity and as such proposes to extend the waiver through December 31, 2019.

Sector Indexes License Surcharge

The Exchange next proposes to extend the current waiver of the Index License Surcharge of \$0.10 per contract. In order to promote and encourage trading of the recently adopted Sector Index options, the Exchange adopted a waiver of the Index License Surcharge for Sector Index option transactions.⁴ The current waiver is set to

² See Cboe Options Fees Schedule, Footnote 11.

³ See Securities Exchange Act Release No. 85167 (February 20, 2019), 84 FR 6039 (February 25, 2019) (SR-CBOE-2019-011).

⁴ See Securities Exchange Act Release No. 82854 (March 12, 2018), 83 FR 11803 (March 16, 2018) (SR-CBOE-2018-012).

expire on June 30, 2019. As the volume in these relatively new products is low, the Exchange does not have enough information to evaluate the impact of the waiver. However, the Exchange wishes to extend this waiver through December 31, 2019 in order to continue to encourage the trading of Sector Index options and grow the product. The proposed waiver would apply to all non-customer transactions.

VIX License Index Surcharge

The Exchange next proposes to extend the current waiver of the Index License Surcharge of \$0.10 per contract for Clearing Trading Permit Holder Proprietary (“Firm”) (origin codes “F” or “L”) VIX orders that have a premium of \$0.10 or lower and have series with an expiration of seven (7) calendar days or less. The Exchange wishes to extend this waiver through December 31, 2019. The Exchange adopted the waiver to reduce transaction costs on expiring, low-priced VIX options, which the Exchange believed would encourage Firms to seek to close and/or roll over such positions close to expiration at low premium levels, including facilitating customers to do so, in order to free up capital and encourage additional trading.⁵ The Exchange had proposed to waive the surcharge through June 30, 2019, at which time the Exchange had stated that it would evaluate whether the waiver has in fact prompted Firms to close and roll over these positions close to expiration as intended. After a review of Firms’ activity, the Exchange believes the waiver has indeed encouraged Firms to do so and as such, proposes to extend the waiver of the surcharge through December 31, 2019, at which time the Exchange will again reevaluate whether the waiver has continued to prompt Firms to close and roll over

⁵ See Securities Exchange Act Release No. 76923 (January 15, 2016), 81 FR 3841 (January 22, 2016) (SR-CBOE-2016-002).

positions close to expiration at low premium levels. Accordingly, the Exchange proposes to delete the reference to the current waiver period of June 30, 2019 from the Fees Schedule and replace it with December 31, 2019.

GTH Fees

The Exchange proposes to also extend waivers for access fees for the Global Trading Hours (“GTH”) session. Currently, the Exchange charges \$1,000 per month for each GTH Market-Maker Trading Permit and \$500 per month for each GTH Electronic Access Trading Permit.⁶ The Exchange also assesses fees for Bandwidth Packets that may be used during GTH. Particularly, the Exchange charges \$500 per month per GTH Quoting and Order Entry Bandwidth Packet and \$250 per month per Order Entry Bandwidth Packet.⁷ The Exchange further assesses monthly fees for CMI Login IDs and FIX Login IDs used for GTH, which are currently \$750 per Login ID. In order to promote and encourage trading during the GTH session, the Exchange currently waives GTH Trading Permit and Bandwidth Packet fees for one (1) of each initial Trading Permits and one (1) of each initial Bandwidth Packet, per affiliated Trading Permit Holder (“TPH”).⁸ The Exchange notes that the waivers are set to expire June 30, 2019. The Exchange also waives fees through June 30, 2019 for a CMI and FIX login ID if the CMI and/or FIX login ID is related to a waived GTH Trading Permit and/or waived Bandwidth packet. In order to continue to promote trading during GTH, the Exchange

⁶ See Cboe Options Fees Schedule, Trading Permit and Tier Appointment Fees. Each Trading Permit provides bandwidth and three logins.

⁷ See Cboe Options Fees Schedule, Bandwidth Packet Fees Bandwidth Packets provide TPHs with additional bandwidth and logins.

⁸ See Securities Exchange Act Release No. 74422 (March 4, 2015), 80 FR 12680 (March 10, 2015) (SR-CBOE-2015-020).

wishes to extend these waivers through September 30, 2019.⁹ Based on experience, the Exchange believes such waivers have encouraged participation during GTH. Continued participation during GTH results in potential increased order flow, which provides greater trading opportunities for all market participants. Additionally, the proposed waivers apply to all TPHs that wish to participate in the GTH session.

MXEA and MXEF LMM Incentive Program

The Exchange also proposes to extend the financial program for Lead Market-Makers (“LMMs”) appointed in MSCI EAFE Index (“MXEA”) options and MSCI Emerging Markets Index (“MXEF”) options.¹⁰ Currently, if the appointed LMM in MXEA and MXEF provides continuous electronic quotes during Regular Trading Hours that meet or exceed the above heightened quoting standards in at least 90% of the MXEA and MXEF series 80% of the time in a given month, the LMM will receive a payment for that month in the amount of \$20,000 per class, per month. The Fees Schedule currently provides that this program will be in place through June 30, 2019. In order to continue to encourage LMM(s) in MXEA and MXEF to continue serving as LMMs and provide significant liquidity in these options, which would provide greater trading opportunities for all market participants, the Exchange proposes to renew this program through December 31, 2019.

⁹ The Exchange notes that in October 2019, it is migrating the current Cboe Options trading platform onto new technology and in connection with such migration, is anticipating a new Trading Permit and connectivity structure. As such, the Exchange proposes to extend the GTH related waivers only through September 2019.

¹⁰ See Securities Exchange Act Release No. 83585 (July 2, 2018), 83 FR 31825 (July 9, 2018) (SR-CBOE-2018-050).

RLG, RLV, RUI, AWDE, FTEM, FXTM and UKXM Transaction Fees

In order to promote and encourage trading of seven FTSE Russell Index products (i.e., Russell 1000 Growth Index (“RLG”), Russell 1000 Value Index (“RLV”), Russell 1000 Index (“RUI”), FTSE Developed Europe Index (“AWDE”), FTSE Emerging Markets Index (“FTEM”), China 50 Index (“FXTM”) and FTSE 100 Index (“UKXM”)), the Exchange waives all transaction fees (including the Floor Brokerage Fee, Index License Surcharge and CFLEX Surcharge Fee) for each of these products for all market participants.¹¹ This waiver is set to expire June 30, 2019. As the volume in these products is low, the Exchange does not have enough information to evaluate the impact of the waiver. However, the Exchange wishes to extend this waiver through December 31, 2019 in order to continue to encourage growth and trading of these products.

UKXM

The Exchange previously offered a compensation plan to the Designated Primary Market-Maker(s) (“DPM(s)”) appointed in UKXM to offset its DPM costs.¹² Specifically, the DPM appointed for an entire month in UKXM will receive a payment of \$5,000 per month through June 30, 2019. The Exchange proposes to extend this plan through December 31, 2019 to continue to incentivize the DPM(s) to continue to serve as

¹¹ See Securities Exchange Act Release No. 76288 (October 28, 2015), 80 FR 67805 (November 3, 2015) (SR-CBOE-2015-096). See also Securities Exchange Act Release No. 77547 (April 6, 2016), 81 FR 21611 (April 12, 2016) (SR-CBOE-2016-021) and Securities Exchange Act Release No. 78930 (September 26, 2016), 81 FR 67408 (September 30, 2016) (SR-CBOE-2016-070).

¹² See Securities Exchange Act Release No. 77547 (April 6, 2016), 81 FR 21611 (April 12, 2016) (SR-CBOE-2016-021).

a DPM in this product and provide the necessary liquidity, which provides greater trading opportunities for all market participants in this option class.

Elimination of Obsolete Reference

Lastly, the Exchange proposes to eliminate references to an obsolete fee and incentive program. Specifically, on February 11, 2019, the Exchange filed a rule filing, SR-CBOE-2019-012, which proposed, among other things, to eliminate the Supplemental VIX Total Firm Discount program (“Supplemental VIX Discount”), effective February 1, 2019.¹³ The Exchange notes that although it reflected the elimination of the program in the filing’s Exhibit 5, it mistakenly failed to eliminate references to the program in corresponding Footnote 11 of the Fees Schedule. Accordingly, the Exchange proposes to update Footnote 11 to eliminate references to the Supplemental VIX Discount. No substantive change is being made by this deletion.

(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.¹⁴ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹⁵ 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,

¹³ See Securities Exchange Act Release No. 85169 (February 21, 2019), 84 FR 6445 (February 27, 2019) (SR-CBOE-2019-012).

¹⁴ 15 U.S.C. 78f(b).

¹⁵ 15 U.S.C. 78f(b)(5).

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 Section 6(b)(4) of the Act,¹⁶ which requires that Exchange rules provide for the equitable allocation of reasonable dues, fees, and other charges among its Trading Permit Holders and other persons using its facilities.

The Exchange believes the proposed waiver extension of the Clearing Trading Permit Holder Proprietary transaction fee for facilitation orders in Sector Index options is reasonable because these orders will not be charged any fee. The Exchange believes that this is equitable and not unfairly discriminatory because a similar waiver also applies to other products, including other proprietary index products (e.g., MXEA, MXEF, DJX and XSP).¹⁷ Further, as noted above, Clearing Trading Permit Holders can be an important source of liquidity when they facilitate their own customers' trading activity. Moreover, Clearing Trading Permit Holders have obligations, which normally do not apply to other market participants (e.g., must have higher capital requirements, clear trades for other market participants, must be members of OCC). The Exchange also notes that the waiver of fees for Sector Index facilitation orders executed in open outcry or electronically in AIM, QCC or as a CFLEX transaction applies to all such orders.

¹⁶ 15 U.S.C. 78f(b)(4).

¹⁷ See Cboe Fees Schedule, "Equity Options Rate Table," "ETF and ETN Options Rate Table" and "Index Options Rate Table - All Index Products Excluding Underlying Symbol List A and Sector Indexes", all of which provide a \$0.00 facilitation fee for origin code "F" and "L" orders.

The Exchange believes it's appropriate to continue to waive the Index License Surcharge for Sector Indexes because the Sector Indexes are still relatively new products and the Exchange wishes to encourage and promote trading of these products. The Exchange believes waiving this fee is a reasonable means to encourage trading of these products as it applies to all market participants and results in lower fees assessed for Sector Index transactions.

The Exchange believes it's appropriate to waive the Index License Surcharge for Clearing Trading Permit Holder Proprietary VIX orders that have a premium of \$0.10 or lower and have series with an expiration of 7 calendar days or less because the Exchange wants to continue encouraging Firms to roll and close over positions close to expiration at low premium levels. Particularly, the Exchange believes it's reasonable to waive the entire \$0.10 per contract surcharge because without the waiver of the surcharge, firms are less likely to engage in these transactions, as opposed to other VIX transactions, due to the associated transaction costs. The Exchange believes it's equitable and not unfairly discriminatory to limit the waiver to Clearing Trading Permit Holder Proprietary orders because they contribute capital to facilitate the execution of VIX customer orders with a premium of \$0.10 or lower and series with an expiration of 7 calendar days or less. Additionally, as noted above, Clearing Trading Permit Holders have obligations, which normally do not apply to other market participants (e.g., must have higher capital requirements, clear trades for other market participants, must be members of OCC).

The Exchange believes extending the waiver of the GTH fee for the first Quoting and Order Entry Bandwidth Packet and the first Order Entry Bandwidth Packet through September 2019 is reasonable, equitable and not unfairly discriminatory, because waiving

those respective fees promotes and encourages trading during the GTH session. The Exchange believes it's also reasonable, equitable and not unfairly discriminatory to waive fees for Login IDs in order to promote and encourage ongoing participation in GTH and also applies to all GTH TPHs. The Exchange believes it's also reasonable, equitable and not unfairly discriminatory to waive GTH access fees through September, 2019 in order to further promote trading. To the extent that this purpose is achieved, all the Exchange's market participants who participate in the GTH session should benefit from increased liquidity.

The Exchange believes it is reasonable, equitable and not unfairly discriminatory to extend the MXEA and MXEF LMM Incentive Program because the Exchange wants to ensure it continues incentivizing the LMM(s) in these products to provide liquid and active markets in these products to encourage its growth. The Exchange notes that without the proposed financial incentive, there may not be sufficient incentive for TPHs to undertake an obligation to quote at heightened levels, which could result in lower levels of liquidity to the detriment of all market participants. The Exchange believes it is equitable and not unfairly discriminatory to only offer this financial incentive to MXEA and MXEF LMM(s) because it benefits all market participants trading in these options to encourage the LMM(s) to satisfy the heightened quoting standard, which may increase liquidity and provide more trading opportunities and tighter spreads. Indeed, the Exchange notes that LMMs provides a crucial role in providing quotes and the opportunity for market participants to trade products, including MXEA and MXEF, which can lead to increased volume, thereby providing a robust market. Additionally, if a

MSCI LMM does not satisfy the heightened quoting standard then it simply will not receive the offered per class payment for that month.

The Exchange believes it is reasonable, equitable and not unfairly discriminatory to extend the waiver of all transaction fees for RLG, RLV, RUI, AWDE, FTEM, FXTM and UKXM transactions, including the Floor Brokerage fee, the License Index Surcharge and CFLEX Surcharge Fee, because the respective fees are being waived in their entirety, which promotes and encourages trading of these products which are still relatively new. The waiver also would apply to all TPHs.

The Exchange believes that it is reasonable, equitable and not unfairly discriminatory to renew the compensation plan to continue to incentivize the DPM to continue to serve as a DPM in this product. Particularly, the Exchange notes that there is low volume in UKXM and as such, the Exchange wishes to ensure the DPM continues to play a crucial role in providing liquid and active markets in the product to encourage growth and provide trading opportunities which would benefit all market participants.

Lastly, the Exchange believes eliminating references to the Supplemental VIX Discount program, which no longer exists, alleviates confusion and maintains clarity in the Fees Schedule, which removes impediments to and perfects the mechanism of a free and open market and a national market system, and, in general, protects investors and the public interest.

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 intramarket or intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act.

First, the Exchange believes the proposed rule change does impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. Particularly, the proposed changes extend existing fee waivers and incentive programs and apply to all similarly situated TPHs uniformly. To the extent certain market participants receive a benefit others do not these different market participants have different obligations and circumstances. For example, DPMs and LMMs play a crucial role in providing active and liquid markets in their appointed products, thereby providing a robust market which benefits all market participants. Additionally, Clearing Trading Permit Holders can be an important source of liquidity when they facilitate their own customers' trading activity and also have other obligations, which normally do not apply to other market participants (e.g., must have higher capital requirements, clear trades for other market participants, must be members of OCC). The Exchange also notes that the proposed waivers and incentive programs are designed to attract additional order flow to the Exchange. Greater liquidity benefits all market participants on the Exchange by providing more trading opportunities and tighter spreads and encourages all TPHs to send orders, thereby contributing to robust levels of liquidity.

Next, the Exchange believes the proposed rule change does not impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. First, the proposed changes only affect trading on Cboe Options. Next, the Exchange notes it operates in a highly competitive market. In addition to Cboe Options, TPHs have numerous alternative venues that they may participate on and direct their order flow, including 15 options exchanges, as well as off-exchange venues. Based on publicly available information, no single options exchange has more than 23%

of the market share of executed volume of options trades.¹⁸ Therefore, no exchange possesses significant pricing power in the execution of option order flow. Moreover, the Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. Specifically, in Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system “has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.”¹⁹ The fact that this market is competitive has also long been recognized by the courts. In *NetCoalition v. Securities and Exchange Commission*, the D.C. Circuit stated as follows: “[n]o one disputes that competition for order flow is ‘fierce.’ ... As the SEC explained, ‘[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution’; [and] ‘no exchange can afford to take its market share percentages for granted’ because ‘no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers’....”²⁰ Accordingly, the Exchange does not believe its proposed changes to extend the above-mentioned fee waivers and incentive programs impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

¹⁸ See Cboe Global Markets, U.S. Options Market Volume Summary (June 13, 2019), available at http://markets.cboe.com/us/options/market_share/

¹⁹ See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005).

²⁰ *NetCoalition v. SEC*, 615 F.3d 525, 539 (D.C. Cir. 2010) (quoting Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770, 74782-83 (December 9, 2008) (SR-NYSEArca-2006-21)).

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 Act²¹ and Rule 19b-4(f)(6)²² 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.

In particular, the Exchange believes that each of the proposed waiver and incentive program extensions encourage desirable results by market participants as described above. Among other things, the waivers and incentive programs encourage (i)

²¹ 15 U.S.C. 78s(b)(3)(A).

²² 17 CFR 240.19b-4(f)(6).

Firms to roll and close over VIX positions close to expiration at low premium levels, (ii) on-going participation in GTH, or (iii) trading of relatively new products. The desired results from the fee waivers and incentive programs removes impediments to and perfects the mechanism of a free and open market and a national market system, and, in general, protects investors and the public interest. The Exchange also notes that the proposed rule change merely extends existing fee waivers and incentive programs and applies to all similarly situated TPHs uniformly

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.

The Exchange respectfully requests that the Commission waive the 30-day operative delay period after which a proposed rule change under Rule 19b-4(f)(6) becomes effective. Waiver of the delay will avoid the above-described waivers and incentive programs from expiring. Indeed, a waiver of the operative delay would allow the uninterrupted extension of existing waivers and incentive programs, which as noted above, incentivize desirable results.

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-2019-031]

[Insert date]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Amend its Fees Schedule with Respect to Expiring Fee Waivers and Incentive Programs

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 Fees Schedule with respect to expiring fee waivers and incentive programs. 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 its Fees Schedule relating to various fee waivers and incentive programs that are set to expire June 30, 2019. The Exchange proposes to implement these amendments to its Fees Schedule on July 1, 2019.

Sector Indexes Facilitation Fee

First, the Exchange proposes to extend the current waiver of fees for facilitation orders in Sector Index options⁵. Currently, Footnote 11 of the Fees Schedule provides that for facilitation orders for Sector Index options executed in open outcry, or electronically via AIM or as a Qualified Contingent Cross order ("QCC") or CFLEX transaction, the Exchange will assess no Clearing Trading Permit Holder Proprietary transaction fees through June 30, 2019. By way of background "facilitation orders" are

⁵ See Cboe Options Fees Schedule, Footnote 47.

defined as any order in which a Clearing Trading Permit Holder (“F” origin code) or Non-Trading Permit Holder Affiliate (“L” origin code) is contra to any other origin code order, provided the same executing broker and clearing firm are on both sides of the transaction (for open outcry) or both sides of a paired order (for orders executed electronically).⁶ In adopting a waiver for facilitation fees in Sector Index options, the Exchange recognized that Clearing Trading Permit Holders can be an important source of liquidity when they facilitate their own customers’ trading activity and, as such, the Exchange applied a waiver of Clearing Trading Permit Holder Proprietary transaction fees for facilitation orders through June 30, 2019.⁷ The Exchange continues to recognize the important role Clearing Trading Permit Holders play with respect to facilitating their own customers’ trading activity and as such proposes to extend the waiver through December 31, 2019.

Sector Indexes License Surcharge

The Exchange next proposes to extend the current waiver of the Index License Surcharge of \$0.10 per contract. In order to promote and encourage trading of the recently adopted Sector Index options, the Exchange adopted a waiver of the Index License Surcharge for Sector Index option transactions.⁸ The current waiver is set to expire on June 30, 2019. As the volume in these relatively new products is low, the Exchange does not have enough information to evaluate the impact of the waiver. However, the Exchange wishes to extend this waiver through December 31, 2019 in

⁶ See Cboe Options Fees Schedule, Footnote 11.

⁷ See Securities Exchange Act Release No. 85167 (February 20, 2019), 84 FR 6039 (February 25, 2019) (SR-CBOE-2019-011).

⁸ See Securities Exchange Act Release No. 82854 (March 12, 2018), 83 FR 11803 (March 16, 2018) (SR-CBOE-2018-012).

order to continue to encourage the trading of Sector Index options and grow the product.

The proposed waiver would apply to all non-customer transactions.

VIX License Index Surcharge

The Exchange next proposes to extend the current waiver of the Index License Surcharge of \$0.10 per contract for Clearing Trading Permit Holder Proprietary (“Firm”) (origin codes “F” or “L”) VIX orders that have a premium of \$0.10 or lower and have series with an expiration of seven (7) calendar days or less. The Exchange wishes to extend this waiver through December 31, 2019. The Exchange adopted the waiver to reduce transaction costs on expiring, low-priced VIX options, which the Exchange believed would encourage Firms to seek to close and/or roll over such positions close to expiration at low premium levels, including facilitating customers to do so, in order to free up capital and encourage additional trading.⁹ The Exchange had proposed to waive the surcharge through June 30, 2019, at which time the Exchange had stated that it would evaluate whether the waiver has in fact prompted Firms to close and roll over these positions close to expiration as intended. After a review of Firms’ activity, the Exchange believes the waiver has indeed encouraged Firms to do so and as such, proposes to extend the waiver of the surcharge through December 31, 2019, at which time the Exchange will again reevaluate whether the waiver has continued to prompt Firms to close and roll over positions close to expiration at low premium levels. Accordingly, the Exchange proposes to delete the reference to the current waiver period of June 30, 2019 from the Fees Schedule and replace it with December 31, 2019.

⁹ See Securities Exchange Act Release No. 76923 (January 15, 2016), 81 FR 3841 (January 22, 2016) (SR-CBOE-2016-002).

GTH Fees

The Exchange proposes to also extend waivers for access fees for the Global Trading Hours (“GTH”) session. Currently, the Exchange charges \$1,000 per month for each GTH Market-Maker Trading Permit and \$500 per month for each GTH Electronic Access Trading Permit.¹⁰ The Exchange also assesses fees for Bandwidth Packets that may be used during GTH. Particularly, the Exchange charges \$500 per month per GTH Quoting and Order Entry Bandwidth Packet and \$250 per month per Order Entry Bandwidth Packet.¹¹ The Exchange further assesses monthly fees for CMI Login IDs and FIX Login IDs used for GTH, which are currently \$750 per Login ID. In order to promote and encourage trading during the GTH session, the Exchange currently waives GTH Trading Permit and Bandwidth Packet fees for one (1) of each initial Trading Permits and one (1) of each initial Bandwidth Packet, per affiliated Trading Permit Holder (“TPH”).¹² The Exchange notes that the waivers are set to expire June 30, 2019. The Exchange also waives fees through June 30, 2019 for a CMI and FIX login ID if the CMI and/or FIX login ID is related to a waived GTH Trading Permit and/or waived Bandwidth packet. In order to continue to promote trading during GTH, the Exchange wishes to extend these waivers through September 30, 2019.¹³ Based on experience, the

¹⁰ See Cboe Options Fees Schedule, Trading Permit and Tier Appointment Fees. Each Trading Permit provides bandwidth and three logins.

¹¹ See Cboe Options Fees Schedule, Bandwidth Packet Fees Bandwidth Packets provide TPHs with additional bandwidth and logins.

¹² See Securities Exchange Act Release No. 74422 (March 4, 2015), 80 FR 12680 (March 10, 2015) (SR-CBOE-2015-020).

¹³ The Exchange notes that in October 2019, it is migrating the current Cboe Options trading platform onto new technology and in connection with such migration, is anticipating a new Trading Permit and connectivity structure. As such, the Exchange proposes to extend the GTH related waivers only through

Exchange believes such waivers have encouraged participation during GTH. Continued participation during GTH results in potential increased order flow, which provides greater trading opportunities for all market participants. Additionally, the proposed waivers apply to all TPHs that wish to participate in the GTH session.

MXEA and MXEF LMM Incentive Program

The Exchange also proposes to extend the financial program for Lead Market-Makers (“LMMs”) appointed in MSCI EAFE Index (“MXEA”) options and MSCI Emerging Markets Index (“MXEF”) options.¹⁴ Currently, if the appointed LMM in MXEA and MXEF provides continuous electronic quotes during Regular Trading Hours that meet or exceed the above heightened quoting standards in at least 90% of the MXEA and MXEF series 80% of the time in a given month, the LMM will receive a payment for that month in the amount of \$20,000 per class, per month. The Fees Schedule currently provides that this program will be in place through June 30, 2019. In order to continue to encourage LMM(s) in MXEA and MXEF to continue serving as LMMs and provide significant liquidity in these options, which would provide greater trading opportunities for all market participants, the Exchange proposes to renew this program through December 31, 2019.

RLG, RLV, RUI, AWDE, FTEM, FXTM and UKXM Transaction Fees

In order to promote and encourage trading of seven FTSE Russell Index products (i.e., Russell 1000 Growth Index (“RLG”), Russell 1000 Value Index (“RLV”), Russell

September 2019.

¹⁴ See Securities Exchange Act Release No. 83585 (July 2, 2018), 83 FR 31825 (July 9, 2018) (SR-CBOE-2018-050).

1000 Index (“RUI”), FTSE Developed Europe Index (“AWDE”), FTSE Emerging Markets Index (“FTEM”), China 50 Index (“FXTM”) and FTSE 100 Index (“UKXM”)), the Exchange waives all transaction fees (including the Floor Brokerage Fee, Index License Surcharge and CFLEX Surcharge Fee) for each of these products for all market participants.¹⁵ This waiver is set to expire June 30, 2019. As the volume in these products is low, the Exchange does not have enough information to evaluate the impact of the waiver. However, the Exchange wishes to extend this waiver through December 31, 2019 in order to continue to encourage growth and trading of these products.

UKXM

The Exchange previously offered a compensation plan to the Designated Primary Market-Maker(s) (“DPM(s)”) appointed in UKXM to offset its DPM costs.¹⁶ Specifically, the DPM appointed for an entire month in UKXM will receive a payment of \$5,000 per month through June 30, 2019. The Exchange proposes to extend this plan through December 31, 2019 to continue to incentivize the DPM(s) to continue to serve as a DPM in this product and provide the necessary liquidity, which provides greater trading opportunities for all market participants in this option class.

Elimination of Obsolete Reference

¹⁵ See Securities Exchange Act Release No. 76288 (October 28, 2015), 80 FR 67805 (November 3, 2015) (SR-CBOE-2015-096). See also Securities Exchange Act Release No. 77547 (April 6, 2016), 81 FR 21611 (April 12, 2016) (SR-CBOE-2016-021) and Securities Exchange Act Release No. 78930 (September 26, 2016), 81 FR 67408 (September 30, 2016) (SR-CBOE-2016-070).

¹⁶ See Securities Exchange Act Release No. 77547 (April 6, 2016), 81 FR 21611 (April 12, 2016) (SR-CBOE-2016-021).

Lastly, the Exchange proposes to eliminate references to an obsolete fee and incentive program. Specifically, on February 11, 2019, the Exchange filed a rule filing, SR-CBOE-2019-012, which proposed, among other things, to eliminate the Supplemental VIX Total Firm Discount program (“Supplemental VIX Discount”), effective February 1, 2019.¹⁷ The Exchange notes that although it reflected the elimination of the program in the filing’s Exhibit 5, it mistakenly failed to eliminate references to the program in corresponding Footnote 11 of the Fees Schedule. Accordingly, the Exchange proposes to update Footnote 11 to eliminate references to the Supplemental VIX Discount. No substantive change is being made by this deletion.

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.¹⁸ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹⁹ 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

¹⁷ See Securities Exchange Act Release No. 85169 (February 21, 2019), 84 FR 6445 (February 27, 2019) (SR-CBOE-2019-012).

¹⁸ 15 U.S.C. 78f(b).

¹⁹ 15 U.S.C. 78f(b)(5).

interest. Additionally, the Exchange believes the proposed rule change is consistent with Section 6(b)(4) of the Act,²⁰ which requires that Exchange rules provide for the equitable allocation of reasonable dues, fees, and other charges among its Trading Permit Holders and other persons using its facilities.

The Exchange believes the proposed waiver extension of the Clearing Trading Permit Holder Proprietary transaction fee for facilitation orders in Sector Index options is reasonable because these orders will not be charged any fee. The Exchange believes that this is equitable and not unfairly discriminatory because a similar waiver also applies to other products, including other proprietary index products (e.g., MXEA, MXEF, DJX and XSP).²¹ Further, as noted above, Clearing Trading Permit Holders can be an important source of liquidity when they facilitate their own customers' trading activity. Moreover, Clearing Trading Permit Holders have obligations, which normally do not apply to other market participants (e.g., must have higher capital requirements, clear trades for other market participants, must be members of OCC). The Exchange also notes that the waiver of fees for Sector Index facilitation orders executed in open outcry or electronically in AIM, QCC or as a CFLEX transaction applies to all such orders.

The Exchange believes it's appropriate to continue to waive the Index License Surcharge for Sector Indexes because the Sector Indexes are still relatively new products and the Exchange wishes to encourage and promote trading of these products. The Exchange believes waiving this fee is a reasonable means to encourage trading of these

²⁰ 15 U.S.C. 78f(b)(4).

²¹ See Cboe Fees Schedule, "Equity Options Rate Table," "ETF and ETN Options Rate Table" and "Index Options Rate Table - All Index Products Excluding Underlying Symbol List A and Sector Indexes", all of which provide a \$0.00 facilitation fee for origin code "F" and "L" orders.

products as it applies to all market participants and results in lower fees assessed for Sector Index transactions.

The Exchange believes it's appropriate to waive the Index License Surcharge for Clearing Trading Permit Holder Proprietary VIX orders that have a premium of \$0.10 or lower and have series with an expiration of 7 calendar days or less because the Exchange wants to continue encouraging Firms to roll and close over positions close to expiration at low premium levels. Particularly, the Exchange believes it's reasonable to waive the entire \$0.10 per contract surcharge because without the waiver of the surcharge, firms are less likely to engage in these transactions, as opposed to other VIX transactions, due to the associated transaction costs. The Exchange believes it's equitable and not unfairly discriminatory to limit the waiver to Clearing Trading Permit Holder Proprietary orders because they contribute capital to facilitate the execution of VIX customer orders with a premium of \$0.10 or lower and series with an expiration of 7 calendar days or less. Additionally, as noted above, Clearing Trading Permit Holders have obligations, which normally do not apply to other market participants (e.g., must have higher capital requirements, clear trades for other market participants, must be members of OCC).

The Exchange believes extending the waiver of the GTH fee for the first Quoting and Order Entry Bandwidth Packet and the first Order Entry Bandwidth Packet through September 2019 is reasonable, equitable and not unfairly discriminatory, because waiving those respective fees promotes and encourages trading during the GTH session. The Exchange believes it's also reasonable, equitable and not unfairly discriminatory to waive fees for Login IDs in order to promote and encourage ongoing participation in GTH and also applies to all GTH TPHs. The Exchange believes it's also reasonable, equitable and

not unfairly discriminatory to waive GTH access fees through September, 2019 in order to further promote trading. To the extent that this purpose is achieved, all the Exchange's market participants who participate in the GTH session should benefit from increased liquidity.

The Exchange believes it is reasonable, equitable and not unfairly discriminatory to extend the MXEA and MXEF LMM Incentive Program because the Exchange wants to ensure it continues incentivizing the LMM(s) in these products to provide liquid and active markets in these products to encourage its growth. The Exchange notes that without the proposed financial incentive, there may not be sufficient incentive for TPHs to undertake an obligation to quote at heightened levels, which could result in lower levels of liquidity to the detriment of all market participants. The Exchange believes it is equitable and not unfairly discriminatory to only offer this financial incentive to MXEA and MXEF LMM(s) because it benefits all market participants trading in these options to encourage the LMM(s) to satisfy the heightened quoting standard, which may increase liquidity and provide more trading opportunities and tighter spreads. Indeed, the Exchange notes that LMMs provides a crucial role in providing quotes and the opportunity for market participants to trade products, including MXEA and MXEF, which can lead to increased volume, thereby providing a robust market. Additionally, if a MSCI LMM does not satisfy the heightened quoting standard then it simply will not receive the offered per class payment for that month.

The Exchange believes it is reasonable, equitable and not unfairly discriminatory to extend the waiver of all transaction fees for RLG, RLV, RUI, AWDE, FTEM, FXTM and UKXM transactions, including the Floor Brokerage fee, the License Index Surcharge

and CFLEX Surcharge Fee, because the respective fees are being waived in their entirety, which promotes and encourages trading of these products which are still relatively new. The waiver also would apply to all TPHs.

The Exchange believes that it is reasonable, equitable and not unfairly discriminatory to renew the compensation plan to continue to incentivize the DPM to continue to serve as a DPM in this product. Particularly, the Exchange notes that there is low volume in UKXM and as such, the Exchange wishes to ensure the DPM continues to play a crucial role in providing liquid and active markets in the product to encourage growth and provide trading opportunities which would benefit all market participants.

Lastly, the Exchange believes eliminating references to the Supplemental VIX Discount program, which no longer exists, alleviates confusion and maintains clarity in the Fees Schedule, which removes impediments to and perfects the mechanism of a free and open market and a national market system, and, in general, protects investors and the public interest.

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 intramarket or intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act.

First, the Exchange believes the proposed rule change does impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. Particularly, the proposed changes extend existing fee waivers and incentive programs and apply to all similarly situated TPHs uniformly. To the extent certain market participants receive a benefit others do not these different market participants have different obligations and circumstances. For example, DPMs and

LMMs play a crucial role in providing active and liquid markets in their appointed products, thereby providing a robust market which benefits all market participants. Additionally, Clearing Trading Permit Holders can be an important source of liquidity when they facilitate their own customers' trading activity and also have other obligations, which normally do not apply to other market participants (e.g., must have higher capital requirements, clear trades for other market participants, must be members of OCC). The Exchange also notes that the proposed waivers and incentive programs are designed to attract additional order flow to the Exchange. Greater liquidity benefits all market participants on the Exchange by providing more trading opportunities and tighter spreads and encourages all TPHs to send orders, thereby contributing to robust levels of liquidity.

Next, the Exchange believes the proposed rule change does not impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. First, the proposed changes only affect trading on Cboe Options. Next, the Exchange notes it operates in a highly competitive market. In addition to Cboe Options, TPHs have numerous alternative venues that they may participate on and direct their order flow, including 15 options exchanges, as well as off-exchange venues. Based on publicly available information, no single options exchange has more than 23% of the market share of executed volume of options trades.²² Therefore, no exchange possesses significant pricing power in the execution of option order flow. Moreover, the Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. Specifically, in Regulation NMS, the Commission highlighted the importance of market

²² See Cboe Global Markets, U.S. Options Market Volume Summary (June 13, 2019), available at http://markets.cboe.com/us/options/market_share/

forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system “has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.”²³ The fact that this market is competitive has also long been recognized by the courts. In *NetCoalition v. Securities and Exchange Commission*, the D.C. Circuit stated as follows: “[n]o one disputes that competition for order flow is ‘fierce.’ ... As the SEC explained, ‘[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution’; [and] ‘no exchange can afford to take its market share percentages for granted’ because ‘no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers’....”²⁴ Accordingly, the Exchange does not believe its proposed changes to extend the above-mentioned fee waivers and incentive programs impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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:

²³ See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005).

²⁴ *NetCoalition v. SEC*, 615 F.3d 525, 539 (D.C. Cir. 2010) (quoting Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770, 74782-83 (December 9, 2008) (SR-NYSEArca-2006-21)).

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 Act²⁵ and Rule 19b-4(f)(6)²⁶ thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-CBOE-2019-031 on the subject line.

²⁵ 15 U.S.C. 78s(b)(3)(A).

²⁶ 17 CFR 240.19b-4(f)(6).

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-2019-031. 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-2019-031 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.²⁷

²⁷ 17 CFR 200.30-3(a)(12).

Secretary

Changes are indicated by underlining additions and [bracketing] deletions.

Cboe Exchange, Inc.
Fees Schedule - [April 25] July 1, 2019

Specified Proprietary Index Options Rate Table - Underlying Symbol List A (34) and Sector Indexes (47)(41) (Also applies to GTH)(37)		Options Transaction Fees (1)(3)(4)(7)(15)(32)(39)				
Origin	Products	Origin Code	Transaction Fee Per Contract by Premium Price			VIX Only SPX (incl SPXw) in GTH Only
			\$0.00 - \$0.10	\$0.11 - \$0.99	\$1.00+	AIM Agency/Primary (19) AIM Contra (18)
Customer (2)	OEX and XEO	C	\$0.40			
	OEX Weeklys, XEO Weeklys and Sector Indexes (47)		\$0.30			
	RUT, RLG, RLV, RUI, AWDE, FTEM, FXTM and UKXM (40)		\$0.18			
	SPX (incl SPXW)		\$0.35			See Rates to Left
	VIX and VOLATILITY INDEXES		\$0.10	\$0.25	\$0.45	See Rates to Left
Clearing Trading Permit Holder Proprietary (11)(12)(16)(40)	Underlying Symbol List A (34)	F L	\$0.25 - See Cboe Options Clearing Trading Permit Holder Proprietary Products Sliding Scales			
	Sector Indexes (47)		\$0.25 - Fees for Facilitations will be waived through [June 30]December 31, 2019			See Rates to Left
Cboe Options Market-Maker/ DPM/LMM (10)(38)(42)(43)	SPX (incl SPXW)(41)	M	See SPX Liquidity Provider Sliding Scale			
	RUT		\$0.30			
	RLG, RLV, RUI, AWDE, FTEM, FXTM, UKXM, OEX and XEO (40)		\$0.20			
	VIX and VOLATILITY INDEXES (43)(45)		\$0.05	\$0.23		See Rates to Left
	Sector Indexes (47)		See Liquidity Provider Sliding Scale and Liquidity Provider Sliding Scale Adjustment Table			
Joint Back-Office (45)	OEX, XEO, SPX (incl SPXW), VIX, Volatility Indexes and Sector Indexes (47)	B N W J	\$0.40			
Broker-Dealer (16) (45)						
Non-Trading Permit Holder Market Maker Professional/Voluntary Professional (45)						
Broker-Dealer (16)	RUT, RLG, RLV, RUI, AWDE, FTEM, FXTM and UKXM (40)	B N W J				
Non-Trading Permit Holder Market Maker (16)			\$0.25 Manual and AIM/ \$0.65 non-AIM Electronic			
Professional/Voluntary Professional/Joint Back-Office						
Surcharge Fee (14) (Also applies to GTH)(37)	Index License (41)	F J L M B N W	\$0.45			
			\$0.16			
			\$0.10			
	Product Research & Development - GVZ, VXEEM, VXEZW and OVX		(This surcharge is waived, through [June 30]December 31, 2019, for Sector Indexes (47) and for origin codes F and L for VIX transactions where the VIX Premium is ≤ \$0.10 and the related series has an expiration of seven (7) calendar days or less.)			
CFLEX Surcharge Fee (17)(40)		C F J L M B N W	\$0.10 (capped at \$250 per trade)			
Exotic Surcharge		C	\$0.25			
Execution Surcharge (21)	SPX Only (15)	C F J L B N W	\$0.21			
	SPXW (electronic only) (Also applies to GTH)(37)		\$0.10			
Customer Priority Surcharge (31) (Also applies to GTH)(37)	VIX (Maker non-turner)	C	\$0.00	\$0.20		

Trading Permit and Tier Appointment Fees (24)(25)(26)(37)(49)				
Origin	Type of Trading Permit or Tier Appointment	Origin Code	Access Fee	Notes
Cboe Options Market-Maker/DPM/LMM/Floor Broker	Market-Maker Trading Permit	M	\$5,000 per month	See Market-Maker Trading Permit Sliding Scale
	Market-Maker Trading Permit - GTH		\$1,000 per month	The fee is waived for the first Market-Maker Trading Permit through [June]September 30, 2019.
	RUT Tier Appointment		\$1,000 per month	
	SPX Tier Appointment		\$3,000 per month	
	Floor Broker SPX Surcharge	M	\$3,000 per month	
	VIX Tier Appointment		\$2,000 per month	
	Floor Broker VIX Surcharge		\$2,000 per month	
	Floor Broker Trading Permit		\$9,000 per month	See Floor Broker Trading Permit Sliding Scale
	Electronic Access Permit		\$1,600 per month	
	Electronic Access Permit - GTH		\$500 per month	The fee is waived for the first Electronic Access Permit through [June]September 30, 2019.

Trading Permit Holder Bandwidth Packets		Amount Per Packet	Notes
Quoting and Order Entry Bandwidth Packet		\$2,750 per month	Bandwidth packet fees are non-refundable and are assessed through the integrated billing system during the first week of the following month. If a bandwidth packet is issued during a calendar month after the first trading day of the month, the bandwidth packet fee for that calendar month is prorated based on the remaining trading days in the calendar month. Bandwidth packets will be renewed automatically for the next month unless the Trading Permit Holder submits written notification to the Registration Services Department by the last business day of the prior month to cancel the bandwidth packet effective at or prior to the end of the applicable month. For GTH, the fee is waived for the first Quoting and Order Entry Bandwidth Packet and the first Order Entry Bandwidth Packet through [June]September 30, 2019.
Quoting and Order Entry Bandwidth Packet - GTH (37)		\$500 per month	
Order Entry Bandwidth Packet Fees for Trading Permit Holders	1st - 5th Packet	\$1,600 per month	
	6th - 8th Packet	\$800 per month	
	9th - 13th Packet	\$400 per month	
	14th Packet and Each Additional Packet	\$200 per month	
	Order Entry Bandwidth Packet - GTH (37)	\$250 per month	
Sponsored User Order Entry Bandwidth Packets		Amount Per Packet Per Assigned Sponsored User	
Fees for Order Entry Bandwidth Packet(s) Assigned to Sponsored User	1st - 6th Packet	\$1,600 per month	
	7th - 9th Packet	\$800 per month	
	10th - 14th Packet	\$400 per month	
	15th Packet and Each Additional Packet	\$200 per month	

* * * * *

Cboe Command Connectivity Charges (28) (Also applies to GTH)(37)		Assessed to TPHs and non-TPHs	
Description	Fee	Frequency	Notes
Network Access Port (1 Gbps)	\$1,500	Monthly	Separate Network Access Port fees are assessed for unicast (orders, quotes) and multicast (market data) connectivity (i.e., if a TPH uses the 1 Gbps Network Access Port for unicast and multicast connectivity, the TPH will be charged \$3,000 per month.) If a TPH uses the same port for RTH and GTH, the TPH will not be charged twice for that port.
Network Access Port (10 Gbps)	\$5,000	Monthly	
Network Access Port (1Gbps) (Disaster Recovery)	\$2,000	Monthly	Disaster Recovery Network Access Ports may be used to connect to the Disaster Recovery Systems of C2, Cboe BZX, Cboe BYX, Cboe EDGX, Cboe EDGA and CFE. Market participants will only be assessed a single fee for any Disaster Recovery Network Access Port that accesses these exchanges, If a market participant maintains two Disaster Recovery Network Access Ports of the same size in order to receive unicast and multicast connectivity, that market participant will only be assessed a single fee (e.g., if a TPH uses one 1 Gbps Disaster Recovery Network Access Port to receive only unicast traffic and one 1 Gbps Disaster Recovery Network Access Port to receive only multicast traffic, the TPH will be charged \$2,000 per month).
Network Access Port (10 Gbps) (Disaster Recovery)	\$6,000	Monthly	
CMI Login ID	\$750	Monthly	CMI and FIX Login ID fees are waived for CMI and FIX Login IDs used to access the CFLEX system. Fees for a CMI and FIX Login ID will be waived through [June]September 30, 2019, if the CMI and/or FIX Login ID is related to a waived GTH Trading Permit and/or waived Bandwidth Packet.
FIX Login ID	\$750	Monthly	

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MSCI LMM Incentive Program										
Origin	Origin Code	Premium Level	Expiring		Near Term		Mid Term		Long Term	
			7 days or less		8 days to 60 days		61 days to 270 days		271 days or Greater	
			Width	Size	Width	Size	Width	Size	Width	Size
LMM	M	\$0.00 - \$5.00	\$3.00	5	\$1.50	20	\$2.50	15	\$5.00	10
		\$5.01 - \$15.00	\$6.00	3	\$3.00	15	\$5.00	10	\$10.00	7
		\$15.01 - \$50.00	\$15.00	2	\$7.50	10	\$10.00	7	\$20.00	5
		\$50.01 - \$100.00	\$25.00	1	\$15.00	7	\$20.00	5	\$30.00	3
		\$100.01 - \$200.00	\$40.00	1	\$25.00	3	\$35.00	3	\$48.00	2
		Greater than \$200.01	\$60.00	1	\$40.00	1	\$50.00	1	\$72.00	1
For MXEA and MXEF, if the appointed LMM provides continuous electronic quotes during Regular Trading Hours that meet or exceed the above heightened quoting standards in at least 90% of the MXEA and MXEF series 80% of the time in a given month, the LMM will receive a payment for that month in the amount of \$40,000 per class for the month of February 2019, and \$20,000 per class, per month thereafter. The Exchange may consider other exceptions to this quoting standard based on demonstrated legal or regulatory requirements or other mitigating circumstances. This program will be in place through [June 30] <u>December 31</u> , 2019.										

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Footnotes:	
Footnote Number	Description

11	<p>The Clearing Trading Permit Holder Fee Cap in all products except Underlying Symbol List A (34) excluding binary options (the "Fee Cap") and Sector Indexes (47), the Cboe Options Proprietary Products Sliding Scale for Clearing Trading Permit Holder Proprietary Orders (the "Proprietary Products Sliding Scale")[, and the Clearing Trading Permit Holder Proprietary VIX Sliding Scale (the "VIX Sliding Scale")], and the Supplemental VIX Total Firm Discount (the "Supplemental VIX Discount")] apply to (i) Clearing Trading Permit Holder proprietary orders ("F" origin code), and (ii) orders of Non-Trading Permit Holder Affiliates of a Clearing Trading Permit Holder. A "Non-Trading Permit Holder Affiliate" for this purpose is a 100% wholly-owned affiliate or subsidiary of a Clearing Trading Permit Holder that is registered as a United States or foreign broker-dealer and that is not a Cboe Options Trading Permit Holder. Only proprietary orders of the Non-Trading Permit Holder Affiliate that clear through a Cboe Options-registered OCC clearing number(s) will be included in calculating the Fee Cap, Proprietary Products Sliding Scale[, and VIX Sliding Scale[, and Supplemental VIX Discount]. Such orders must be marked with a code approved by the Exchange identifying the orders as eligible for the Fee Cap, Proprietary Products Sliding Scale[, and VIX Sliding Scale[, and Supplemental VIX Discount] (i.e., "L" origin code). The Exchange will aggregate the fees and trading activity of separate Clearing Trading Permit Holders for the purposes of the Fee Cap, Proprietary Products Sliding Scale[, and VIX Sliding Scale[, and Supplemental VIX Discount] if there is at least 75% common ownership between the Clearing Trading Permit Holders as reflected on each Clearing Trading Permit Holder's Form BD, Schedule A. A Clearing Trading Permit Holder's fees and contracts executed pursuant to a CMTA agreement (i.e., executed by another clearing firm and then transferred to the Clearing Trading Permit Holder's account at the OCC) are aggregated with the Clearing Trading Permit Holder's non-CMTA fees and contracts for purposes of the Fee Cap, Proprietary Products Sliding Scale[, and VIX Sliding Scale[, and Supplemental VIX Discount]. The actual transaction fees resulting from any of the strategies defined in Footnote 13, after relevant caps are applied, will apply towards reaching the Fee Cap. However, contract volume from any such strategies for which the strategy cap is applied will not apply towards reaching the multi-list qualifying tiers for the Proprietary Products Sliding Scale. For facilitation orders (other than Sector Indexes (47) and Underlying Symbol List A (34) excluding binary options) executed in open outcry or as a CFLEX transaction, Cboe Options will assess no Clearing Trading Permit Holder Proprietary transaction fees. For facilitation orders for Sector Indexes (47) executed in open outcry, or electronically via AIM or as a QCC or CFLEX transaction, Cboe Options will assess no Clearing Trading Permit Holder Proprietary transaction fees through [June 30]December 31, 2019. "Facilitation orders" for this purpose to be defined as any order in which a Clearing Trading Permit Holder (F) origin code or Non-Trading Permit Holder Affiliate ("L" origin code) is contra to any other origin code, provided the same executing broker and clearing firm are on both sides of the transaction (for open outcry) or both sides of a paired order (for orders executed electronically).</p>

40	All transaction fees for RLG, RLV, RUI, AWDE, FTEM, FXTM and UKXM are waived through [June 30]December 31, 2019.

43	The DPM appointed for an entire month in UKXM will receive a payment of \$5,000 per month through [June 30]December 31, 2019.
