

OMB APPROVAL

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Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 10

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

File No.* SR - 2019 - * 035

Amendment No. (req. for Amendments *) 2

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) *

☐

Rule

Pilot

☐

Extension of Time Period
 for Commission Action *

☐

Date Expires *

☐ 19b-4(f)(1)

☐ 19b-4(f)(2)

☐ 19b-4(f)(3)

☐ 19b-4(f)(4)

☐ 19b-4(f)(5)

☐ 19b-4(f)(6)

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

Section 806(e)(1) *

☐

Section 806(e)(2) *

☐

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

Section 3C(b)(2) *

☐

Exhibit 2 Sent As Paper Document

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Exhibit 3 Sent As Paper Document

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Description

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

Contact Information

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

First Name * Laura

Last Name * Dickman

Title * Vice President, Associate General Counsel

E-mail * dickman@cboe.com

Telephone * (312) 786-7572

Fax

Signature

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

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

(Title *)

Date 10/07/2019

By Laura G. Dickman

(Name *)

Vice President, Associate General Counsel

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

dickman@cboe.com

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

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

Add Remove View

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

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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.

PARTIAL AMENDMENT

Cboe Exchange, Inc. (“Cboe Options” or the “Exchange”) submits this Amendment, constituting Amendment No. 2, to rule filing SR-CBOE-2019-05 (the “Rule Filing”), as amended by Amendment No. 1, in which the Exchange proposes to amend its rule regarding off-floor position transfers.

In connection with the Exchange’s technology migration, which was completed on October 7, 2019, the Exchange reorganized its rulebook. As part of that reorganization, the Exchange relocated Rules 4.6 and 4.2 to Rules 8.5 and 8.14, respectively. Amendment No. updates the cross-references in the proposed rule change to Rules 4.6 and 4.22 to Rules 8.5 and 8.14, respectively, in the Exhibit 5 of the Rule Filing (as amended). The Exchange notes that it previously relocated Rule 6.49 to Rule 5.12 (which is cross-referenced in the rule the proposed rule change proposes to amend)¹ and Rule 6.49A to Rule 6.7 (which the proposed rule change proposes to amend).² As a result, Exhibits 4 and 5 reflect the current numbers of these rules within the Exchange’s rulebook, which were previously amended and are now operative. Additionally, Amendment No. 2 proposes to update all references to Rule 4.6, 4.22, 6.49, and 6.49A to be Rule 8.5, 8.14, 5.12, and 6.7, respectively, throughout the Rule Filing (including Form 19b-4 and Exhibit 1).

The Exchange requests accelerated approval of Amendment No. 3. The Exchanges proposes no changes to substance or the framework of the proposed off-floor transfers, and merely updates two cross-references to other rules within the rule text that the Exchange previously relocated. Therefore, the Exchange does

¹ See SR-CBOE-2019-081 (October 1, 2019).

² See SR-CBOE-2019-095 (October 4, 2019).

not believe a full notice and comment period is necessary, and thus believes accelerated approval is appropriate.

EXHIBITS

- Exhibit 4. Marked copy of changes to the rule text proposed in an amendment compared against the version of the rule text that was initially filed.
- Exhibit 5. Proposed rule text.

EXHIBIT 4

Additions set forth in the proposed rule text of original SR-CBOE-2019-035 are underlined; deletions are [bracketed]. Additional changes being made pursuant to Amendment No. 2 to SR-CBOE-2019-035 are double-underlined; deletions being made pursuant to Amendment No. 2 to SR-CBOE-2019-035 are struck-through.

* * * * *

Rules of Cboe Exchange, Inc.

* * * * *

Rule 6.7. Off-Floor Transfers of Positions

(a) *Permissible Off-Floor Transfers.* Notwithstanding the prohibition set forth in Rule 5.12, [the following transfers involving a Trading Permit Holder's] existing positions in options listed on the Exchange of a Trading Permit Holder or of a Non-Trading Permit Holder that are to be transferred on, from, or to the books of a Clearing Trading Permit Holder may be [effected] transferred off the Exchange (an "off-floor transfer") if the off-floor transfer involves one or more of the following events:

(1) pursuant to Rule ~~8.54.6~~ or ~~8.144.22~~, an adjustment or transfer in connection with the correction of a bona fide error in the recording of a transaction or the transferring of a position to another account, provided that the original trade documentation confirms the error;

(2) the transfer of positions from one account to another account where no change in ownership is involved (i.e., accounts of the same Person (as defined in Rule 1.1)), provided the accounts are not in separate aggregation units or otherwise subject to information barrier or account segregation requirements;

(3) the consolidation of accounts where no change in ownership is involved;

(4) a merger, acquisition, consolidation, or similar non-recurring transaction for a Person;

[(1)](5) the dissolution of a joint account in which the remaining Trading Permit Holder assumes the positions of the joint account;

[(2)](6) the dissolution of a corporation or partnership in which a former nominee of the corporation or partnership assumes the positions;

[(3)](7) positions transferred as part of a Trading Permit Holder's capital contribution to a new joint account, partnership, or corporation;

[(4)](8) the donation of positions to a not-for-profit corporation;

~~[(5)]~~(9) the transfer of positions to a minor under the Uniform Gifts to Minors Act; or

(10) the transfer of positions through operation of law from death, bankruptcy, or otherwise.

[(6) a merger or acquisition where continuity of ownership or management results].

(b) Netting. Unless otherwise permitted by paragraph (f), when effecting an off-floor transfer pursuant to paragraph (a), no position may net against another position ("netting"), and no position transfer may result in preferential margin or haircut treatment.

(c) Transfer Price. The transfer price, to the extent it is consistent with applicable laws, rules, and regulations, including rules of other self-regulatory organizations, and tax and accounting rules and regulations, at which an off-floor transfer is effected may be:

(1) the original trade prices of the positions that appear on the books of the transferring Clearing Trading Permit Holder, in which case the records of the transfer must indicate the original trade dates for the positions; provided, transfers to correct errors under subparagraph (a)(1) must be transferred at the correct original trade prices;

(2) mark-to-market prices of the positions at the close of trading on the transfer date;

(3) mark-to-market prices of the positions at the close of trading on the trade date prior to the transfer date; or

(4) the then-current market price of the positions at the time the off-floor transfer is effected.

(d) Prior Written Notice. A Trading Permit Holder(s) and its Clearing Trading Permit Holder(s) (to the extent that the Trading Permit Holder is not self-clearing) must submit to the Exchange, in a manner determined by the Exchange, written notice prior to effecting an off-floor transfer from or to the account(s) of a Trading Permit Holder(s), except that notification is not required for transfers to correct errors pursuant to subparagraph (a)(1) of this Rule.

(1) The notice must indicate (A) the Exchange-listed options positions to be transferred, (B) the nature of the transaction, (C) the enumerated provision(s) under paragraph (a) pursuant to which the positions are being transferred, (D) the name of the counterparty(ies), (E) the anticipated transfer date, (F) the method for determining the transfer price under paragraph (d) below, and (G) any other information requested by the Exchange.

(2) Receipt of notice of an off-floor transfer does not constitute a determination by the Exchange that the off-floor transfer was effected or reported in conformity

with the requirements of this Rule. Notwithstanding submission of written notice to Exchange, Trading Permit Holders and Clearing Trading Permit Holders that effect off-floor transfers that do not conform to the requirements of this Rule will be subject to appropriate disciplinary action in accordance with the Rules.

(e) *Records.* Each Trading Permit Holder and each Clearing Trading Permit Holder that is a party to an off-floor transfer must make and retain records of the information provided in the notice to the Exchange pursuant to subparagraph (d)(1), as well as information on (1) the actual Exchange-listed options transferred; (2) the actual transfer date; and (3) the actual transfer price (and the original trade dates, if applicable). The Exchange may also request the Trading Permit Holder or Clearing Trading Permit Holder to provide other information.

[(b)](f) *Presidential Exemptions.* In addition to the exemptions set forth in paragraph (a) of this Rule, the Exchange President (or senior-level designee) may grant an exemption from the requirement of Rule 5.12, on his or her own motion or upon application of the [Transferor] Trading Permit Holder (with respect to the Trading Permit Holder's positions) or a Clearing Trading Permit Holder (with respect to positions carried and cleared by the Clearing Trading Permit Holder), when, in the judgment of the President or his or her designee, allowing the off-floor transfer is necessary or appropriate for the maintenance of a fair and orderly market and the protection of investors and is in the public interest, including due to unusual or extraordinary circumstances, such as the possibility that the market value of the [Transferor's business] Person's positions will be compromised by having to comply with the requirement to trade on the Exchange pursuant to the normal auction process or when, in the judgment of the President or his or her designee, market conditions make trading on the Exchange impractical.

(g) *Routine, Recurring Transfers.* The off-floor transfer procedure set forth in this Rule is intended to facilitate non-routine, non-recurring movements of positions. The off-floor transfer procedure is not to be used repeatedly or routinely in circumvention of the normal auction market process.

(h) *Exchange-Listed Options.* The off-floor transfer procedure set forth in this Rule is only applicable to positions in options listed on the Exchange. Off-floor transfers of positions in Exchange-listed options may also be subject to applicable laws, rules, and regulations, including rules of other self-regulatory organizations. Transfers of non-Exchange listed options and other financial instruments are not governed by this Rule.

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EXHIBIT 5

(additions are underlined; deletions are [bracketed])

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Rules of Cboe Exchange, Inc.

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(1) pursuant to Rule 8.5 or 8.14, an adjustment or transfer in connection with the correction of a bona fide error in the recording of a transaction or the transferring of a position to another account, provided that the original trade documentation confirms the error;

(2) the transfer of positions from one account to another account where no change in ownership is involved (i.e., accounts of the same Person (as defined in Rule 1.1)), provided the accounts are not in separate aggregation units or otherwise subject to information barrier or account segregation requirements;

(3) the consolidation of accounts where no change in ownership is involved;

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(b) *Netting.* Unless otherwise permitted by paragraph (f), when effecting an off-floor transfer pursuant to paragraph (a), no position may net against another position (“netting”), and no position transfer may result in preferential margin or haircut treatment.

(c) *Transfer Price.* The transfer price, to the extent it is consistent with applicable laws, rules, and regulations, including rules of other self-regulatory organizations, and tax and accounting rules and regulations, at which an off-floor transfer is effected may be:

(1) the original trade prices of the positions that appear on the books of the transferring Clearing Trading Permit Holder, in which case the records of the transfer must indicate the original trade dates for the positions; provided, transfers to correct errors under subparagraph (a)(1) must be transferred at the correct original trade prices;

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(1) The notice must indicate (A) the Exchange-listed options positions to be transferred, (B) the nature of the transaction, (C) the enumerated provision(s) under paragraph (a) pursuant to which the positions are being transferred, (D) the name of the counterparty(ies), (E) the anticipated transfer date, (F) the method for determining the transfer price under paragraph (d) below, and (G) any other information requested by the Exchange.

(2) Receipt of notice of an off-floor transfer does not constitute a determination by the Exchange that the off-floor transfer was effected or reported in conformity with the requirements of this Rule. Notwithstanding submission of written notice to Exchange, Trading Permit Holders and Clearing Trading Permit Holders that effect off-floor transfers that do not conform to the requirements of this Rule will be subject to appropriate disciplinary action in accordance with the Rules.

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