

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="41"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2019"/> - * <input type="text" value="036"/>	Amendment No. (req. for Amendments *) <input type="text"/>
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Filing by Cboe Exchange, Inc.  
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

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

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) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
Section 3C(b)(2) * <input type="checkbox"/>	

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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**Description**

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

The Exchange proposes to amend Rule 6.21 relating to Give Ups.

**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 * <input type="text" value="Corinne"/>	Last Name * <input type="text" value="Klott"/>
Title * <input type="text" value="Assistant General Counsel"/>	
E-mail * <input type="text" value="cklott@cboe.com"/>	
Telephone * <input type="text" value="(312) 786-7793"/>	Fax <input type="text"/>

**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 <input type="text" value="07/03/2019"/>	<input type="text" value="Assistant General Counsel"/>
By <input type="text" value="Corinne Klott"/>	<input type="text"/>
(Name *)	<input type="text" value="cklott@cboe.com"/>

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

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

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

Add Remove View

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

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

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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

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

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 rules governing the give up of a Clearing Trading Permit Holder by a Trading Permit Holder on exchange transactions. 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 13, 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 Rule 6.21, which governs the give up of a Clearing Trading Permit Holder (“Clearing TPH”) by a Trading Permit Holder (“TPH”) on Exchange transactions.

**Background**

By way of background, Cboe Options Rule 6.21 provides that when a TPH executes a transaction on the Exchange, it must give up the name of the Clearing TPH (the “Give Up”) through which the transaction will be cleared. Rule 6.21 also provides

that a TPH may only give up a “Designated Give Up” or its “Guarantor.” This limitation is enforced by the Exchange’s trading systems.

A “Designated Give Up” is currently defined as any Clearing TPH that a TPH (other than a Market-Maker<sup>1</sup>) identifies to the Exchange, in writing, as a Clearing TPH that the TPH would like to have the ability to give up. To designate a “Designated Give Up” a TPH must submit written notification, in a form and manner determined by the Exchange, to the Membership Services Department (“MSD”). Specifically, the Exchange uses a standardized form (“Notification Form”) that a TPH needs to complete and submit to MSD. The Exchange notes that a TPH may currently designate any Clearing TPH as a Designated Give Up. Additionally, there is no minimum or maximum number of Designated Give Ups that a TPH must identify. Rule 6.21 also requires that the Exchange notify a Clearing TPH, in writing and as soon as practicable, of each TPH that has identified it as a Designated Give Up. The Exchange however, will not accept any instructions from a Clearing TPH to prohibit a TPH from designating the Clearing TPH as a Designated Give Up. Additionally, there is no subjective evaluation of a TPH’s list of proposed Designated Give Ups by the Exchange.

Rule 6.21 also defines “Guarantor”. For purposes of Rule 6.21, a “Guarantor” refers to a Clearing TPH that has issued a Letter of Guarantee or Letter of Authorization for the executing TPH under the Exchange Rules that is in effect at the time of the

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<sup>1</sup> For purposes of this rule, references to “Market-Maker” shall refer to Trading Permit Holders acting in the capacity of a Market-Maker and shall include all Exchange Market-Maker capacities (e.g., Designated Primary Market-Makers and Lead Market-Makers).

execution of the applicable trade.<sup>2</sup> An executing TPH may give up its Guarantor without having to first designate it to the Exchange as a “Designated Give Up.”<sup>3</sup> Additionally, the Exchange notes that a Market-Maker is only enabled to give up the Guarantor of the Market-Maker pursuant to Cboe Options Rule 8.5 and also does not need to identify any Designated Give Ups.

Beginning in early 2018, certain Clearing TPHs (in conjunction with the Securities Industry and Financial Markets Association (“SIFMA”)) expressed concerns related to the process by which executing brokers on U.S. options exchanges (the “Exchanges”) are allowed to designate or ‘give up’ a clearing firm for purposes of clearing particular transactions. The SIFMA-affiliated Clearing Members have recently identified the current give-up process as a significant source of risk for clearing firms. SIFMA-affiliated Clearing Members subsequently requested that the Exchanges alleviate this risk by amending Exchange rules governing the give up process.<sup>4</sup>

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<sup>2</sup> See Cboe Options Rule 3.28, Cboe Options Rule 6.72, and Cboe Options Rule 8.5.

<sup>3</sup> The Exchange already knows each TPH’s Guarantor and as such, no further designation or identification is required of TPHs to enable their respective Guarantors.

<sup>4</sup> Nasdaq PHLX LLC (“Phlx”) recently modified its give up procedure to allow clearing members to “opt in” such that the clearing member may specify which Phlx member organizations are authorized to give up that clearing member. See Phlx Rule 1037. See also Securities and Exchange Act Release Nos. 84624 (November 19, 2018), 83 FR 60547 (Notice); 85136 (February 14, 2019), 84 FR 5526 (February 21, 2019) (SR-Phlx-2018-72) (Approval Order). NYSE Arca, Inc., (“NYSE Arca”) and NYSE American LLC (“NYSE American”) also recently submitted rule filings to modify their respective give up rules to adopt an “opt in” process. See SR-NYSEArca 2019-32 and SR-NYSEAMER-2019-17. The Exchange’s proposal leads to the same result of providing its Clearing TPHs the ability to control risk and includes Phlx’s, NYSE Arca’s and NYSE American’s “opt in” process, but it otherwise differs slightly in process from their give up rules. For example, the Exchange intends to maintain its provisions relating to

Proposed Rule Change

Based on the above, the Exchange now seeks to amend its rules regarding the current give up process in order to allow a Clearing TPH to “opt in”, at The Options Clearing Corporation (“OCC”) clearing number level, to a feature that, if enabled by the Clearing TPH, will allow the Clearing TPH to specify which TPH organizations are authorized to give up that OCC clearing number. As proposed, Rule 6.21, will continue to provide that for each transaction in which a TPH participates, the TPH must immediately give up the name of the Clearing Trading Permit Holder through which the transaction will be cleared (“give up”). Rule 6.21 will also continue to require that TPHs identify to the Exchange, via the Notification Form, all Clearing TPHs that the TPH would like to have the ability to give up (i.e., Designated Give Ups). However, the Exchange proposes to also add to Rule 6.21(a) that Clearing TPHs may elect to “Opt In,” as defined in paragraph (c) of the proposed Rule and described further below, and restrict one or more of its OCC number(s) (“Restricted OCC Number”). A TPH may Give Up a Restricted OCC Number provided the TPH has written authorization as described in paragraph (c)(ii) (“Authorized TPH”). The Exchange notes that if a TPH identifies a particular Clearing TPH as a Designated Give Up, but that Clearing TPH has restricted its OCC number(s) and has not authorized the TPH to give it up, then the Exchange will not give effect to the designation on the Notification Form (i.e., the TPH will not be able to give up that Clearing TPH even though it was identified as a Designated Give Up). Similarly, if a Clearing TPH authorizes a TPH to give up its Restricted OCC Number(s), the Exchange will not enable that Clearing TPH as a give up for that TPH until and unless

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Designated Give Ups and eliminate its provisions relating to the rejection of a trade.

the TPH identifies that Clearing TPH as a Designated Give Up on a Notification Form. In light of Clearing TPHs having the ability to restrict their OCC numbers from being given up by particular TPHs, the Exchange also proposes to eliminate the process for Clearing TPHs to “reject” trades. As such, the Exchange proposes to eliminate subparagraphs (e) and (f) of Rule 6.21 and any other references to the process in Rule 6.21.

Proposed Rule 6.21(c) provides that Clearing TPHs may request the Exchange restrict one or more of their OCC clearing numbers (“Opt In”) from being given up unless otherwise authorized. If a Clearing TPH Opt In, the Exchange will require written authorization from the Clearing TPH permitting a TPH to give up a Clearing TPH’s Restricted OCC Number. An Opt In would remain in effect until the Clearing TPH terminates the Opt In as described in subparagraph (iii). If a Clearing TPH does not Opt In, that Clearing TPH’s OCC number may be subject to being given up by any TPH that has designated it as a Designated Give Up. Proposed Rule 6.21(c)(i) will set forth the process by which a Clearing TPH may Opt In. Specifically, a Clearing TPH may Opt In by sending a completed “Clearing TPH Restriction Form” listing all Restricted OCC Numbers and Authorized TPHs.<sup>5</sup> A copy of the proposed form is included in Exhibit 3. A Clearing TPH may elect to restrict one or more OCC clearing numbers that are registered in its name at OCC. The Clearing TPH would be required to submit the Clearing TPH

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<sup>5</sup> This form will be available on the Exchange’s website. The Exchange will also maintain, on its web site, a list of the Restricted OCC Numbers, which will be updated on a regular basis, and the Clearing TPH’s contact information to assist TPH organizations (to the extent they are not already Authorized TPH Organizations) with requesting authorization for a Restricted OCC Number. The Exchange may utilize additional means to inform its members of such updates on a periodic basis.

Restriction Form to the Exchange's MSD as described on the form. Once submitted, the Exchange requires ninety days before a Restricted OCC Number is effective within the System. This time period is to provide adequate time for the TPH users of that Restricted OCC Number who are not initially specified by the Clearing TPH as Authorized TPHs to obtain the required written authorization from the Clearing TPH for that Restricted OCC Number. Such member users would still be able to give up that Restricted OCC Number during this ninety day period (i.e., until the number becomes restricted within the System).

Proposed Rule 6.21(c)(ii) will set forth the process for TPHs to give up a Clearing TPH's Restricted OCC Number. Specifically, a TPH desiring to give up a Restricted OCC Number must become an Authorized TPH. The Clearing TPH will be required to authorize a TPH as described in subparagraph (i) or (iii) of Rule 6.21(c) (i.e., through a Clearing TPH Restriction Form), unless the Restricted OCC Number is already subject to a Letter of Guarantee that the TPH is a party to, as set forth in Rule 6.21(b)(vi). Pursuant to proposed Rule 6.21(c)(iii), a Clearing TPH may amend the list of its Authorized TPHs or Restricted OCC Numbers by submitting a new Clearing TPH Restriction Form to the Exchange's MSD indicating the amendment as described on the form. Once a Restricted OCC Number is effective within the System pursuant to Rule 6.21(c)(i), the Exchange may permit the Clearing TPH to authorize, or remove authorization for, a TPH to give up the Restricted OCC Number intra-day only in unusual circumstances, and on the next business day in all regular circumstances. The Exchange will promptly notify TPH organizations if they are no longer authorized to give up a Clearing TPH's Restricted OCC Number. If a Clearing TPH removes a Restricted OCC Number, any TPH may give

up that OCC clearing number once the removal has become effective on or before the next business day, provided that Clearing TPH has been designated as a Designated Give Up.

The Exchange also proposes to amend current subparagraph (c) (System) (to be renumbered to subparagraph (d)) of Rule 6.21 to clarify that in addition to the Exchange's system not accepting orders that identify a give up that is not at the time a Designated Give Up or a Guarantor, the System will also reject any order that designates a Restricted OCC Number for which the Trading Permit Holder is not an Authorized TPH.

The Exchange proposes to amend current subparagraph (d) (Notice to Clearing Trading Permit Holders) (to be renumbered to subparagraph (e)) of Rule 6.21 to provide that the Exchange will provide notice to TPHs that they are authorized or unauthorized by Clearing TPHs.

The Exchange also proposes to adopt subparagraph (g) of Rule 6.21 to provide that an intentional misuse of this Rule is impermissible, and may be treated as a violation of Rule 4.1, titled "Just and Equitable Principles of Trade". This language will make clear that the Exchange will regulate an intentional misuse of this Rule, and that such behavior would be a violation of Exchange rules. The proposed language is similar to corresponding provisions in other exchanges' give-up rules.<sup>6</sup>

Lastly, the Exchange proposes to amend its current Trading Permit Holder Notification of Designated Give-Ups Form ("Designated Give-Ups Form"), effective October 7, 2019. The Exchange notes that it will be migrating its trading platform onto

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<sup>6</sup> See e.g., Phlx Rule 1037(e).

new technology on October 7, 2019. Following the technology migration, the Exchange and each of its affiliated options exchanges (i.e., Cboe C2 Exchange, Inc., Cboe BZX Exchange, Inc. and Cboe BYX Exchange, Inc. (collectively, “Cboe Markets”) will be on the same technology platform. To provide further harmonization across the Cboe Markets and provide more seamless administration of the Give-Up rule, the Exchange proposes to eliminate the current Designated Give Ups Form and adopt a new form which would be applicable to all Cboe Markets going forward.<sup>7</sup> The proposed Designated Give-Ups Form is included in Exhibit 3.

#### Implementation Date

The Exchange proposes to announce the implementation date of the proposed rule change in an Exchange Notice, to be published no later than thirty (30) days following the operative date. The implementation date will be no later than sixty (60) days following the operative date.

#### (b) Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.<sup>8</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>9</sup> requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to

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<sup>7</sup> The Exchange notes that it will not give effect to any instructions on the Designated Give-Ups Form for a particular Cboe Market until and unless such market files a rule change to adopt the new form. The Exchange anticipates filing copycat rule filings for each of its affiliated options exchange in the near future.

<sup>8</sup> 15 U.S.C. 78f(b).

<sup>9</sup> 15 U.S.C. 78f(b)(5).

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 facilitation transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>10</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

Particularly, as discussed above, several clearing firms affiliated with SIFMA have recently expressed concerns relating to the current give up process, which permits member organizations to identify any Clearing TPH as a Designated Give Up for purposes of clearing particular transactions, and have identified the current give up process (i.e., a process that lacks authorization) as a significant source of risk for clearing firms. The Exchange believes that the proposed changes to Rule 6.21 help alleviate this risk by enabling Clearing TPHs to ‘Opt In’ to restrict one or more of its OCC clearing numbers (i.e., Restricted OCC Numbers), and to specify which Authorized TPHs may give up those Restricted OCC Numbers. As described above, all other TPHs would be required to receive written authorization from the Clearing TPH before they can give up that Clearing TPH’s Restricted OCC Number. The Exchange believes that this authorization provides proper safeguards and protections for Clearing TPHs as it provides controls for Clearing TPHs to restrict access to their OCC clearing numbers, allowing access only to those Authorized TPHs upon their request. The Exchange also believes

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<sup>10</sup> Id.

that its proposed Clearing Trading Permit Holder Restriction Form allows the Exchange to receive in a uniform fashion, written and transparent authorization from Clearing TPHs, which ensures seamless administration of the Rule.

The Exchange believes that the proposed Opt In process strikes the right balance between the various views and interests across the industry. For example, although the proposed rule would require TPHs (other than Authorized TPHs) to seek authorization from Clearing TPHs in order to have the ability to give them up, each TPH will still have the ability to give up a Restricted OCC Number that is subject to a Letter of Guarantee without obtaining any further authorization if that TPH is party to that arrangement. The Exchange also notes that to the extent the executing TPH has a clearing arrangement with a Clearing TPH (i.e., through a Letter of Guarantee), a trade can be assigned to the executing TPH's guarantor. Accordingly, the Exchange believes that the proposed rule change is reasonable and continues to provide certainty that a Clearing TPH would be responsible for a trade, which 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 competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposed rule change will impose an unnecessary burden on intramarket competition because it would apply equally to all similarly situated TPHs. The Exchange also notes that, should the proposed changes make the Exchange more attractive for trading, market participants trading on other exchanges can always elect to become TPHs on the Exchange to take advantage of the trading opportunities. Furthermore, the proposed rule change does not address any competitive issues and ultimately, the target of the Exchange's proposal is to reduce risk

for Clearing TPHs under the current give up model. Clearing firms make financial decisions based on risk and reward, and while it is generally in their beneficial interest to clear transactions for market participants in order to generate profit, it is the Exchange's understanding from SIFMA and clearing firms that the current process can create significant risk when the clearing firm can be given up on any market participant's transaction, even where there is no prior customer relationship or authorization for that designated transaction. In the absence of a mechanism that governs a market participant's use of a Clearing TPH's services, the Exchange's proposal may indirectly facilitate the ability of a Clearing TPH to manage their existing customer relationships while continuing to allow market participant choice in broker execution services. While Clearing TPHs may compete with executing brokers for order flow, the Exchange does not believe this proposal imposes an undue burden on competition. Rather, the Exchange believes that the proposed rule change balances the need for Clearing TPHs to manage risks and allows them to address outlier behavior from executing brokers while still allowing freedom of choice to select an executing broker.

**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 written comments on the proposed rule change.

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

The Exchange does not consent to an extension of the time period for Securities and Exchange Commission (the “Commission”) action on the proposed rule change specified in Section 19(b)(2) of the Act.<sup>11</sup>

**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)**

The Exchange believes that the proposal qualifies for immediate effectiveness upon filing as a “non-controversial” rule change in accordance with Section 19(b)(3)(A) of the Act<sup>12</sup> and Rule 19b-4(f)(6) thereunder.<sup>13</sup>

The Exchange asserts that the proposed rule change (i) will not significantly affect the protection of investors or the public interest, (ii) will not impose any significant burden on competition, and (iii) by its terms, will not become operative for 30 days after the date of this filing, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest. In addition, the Exchange provided the Commission with 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, or such shorter time as the Commission may designate.

The Exchange believes the proposed rule change does not present any new, unique or substantive issues; it merely establishes a rule regarding the give up of a Clearing TPH in order to help clearing firms manage risk while continuing to allow market participants choice in broker execution services. Ultimately, the result of the proposed rule change is that

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<sup>11</sup> 15 U.S.C. 78s(b)(2).

<sup>12</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>13</sup> 17 CFR 240.19b-4(f)(6).

the give up mechanism utilized by the Exchange would align with the rules of other exchanges.<sup>14</sup> Accordingly, the Exchange believes that the proposed rule change is non-controversial and is therefore eligible for immediately effective treatment under the Commission's current procedures for processing rule filings.

For the foregoing reasons, the rule filing qualifies for immediate effectiveness as a "non-controversial" rule change under Rule 19b-4(f)(6). 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. 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. Particularly, the Exchange notes that on October 7, 2019, it is migrating the current Cboe Options trading platform onto new technology. As described above, the proposed rule requires ninety days before a Clearing TPH's request to restrict an OCC number is effective within the System. As such, in order for any such request to be given effect by October 7, 2019, such requests must be received by July 9, 2019. Waiver of the delay would permit the implementation of the proposed rule change on July 9, 2019, which would allow the effectiveness of Restricted OCC Numbers to coincide with the Exchange's technology migration, thereby ensuring a more seamless transition for both the Exchange and market participants. Moreover, the proposed rule change does not present any novel issues and a waiver would allow its Clearing TPHs to better manage their potential risks as soon as possible.

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<sup>14</sup> See supra note 4.

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

The proposed rule change is based on Phlx Rule 1037.31, proposed NYSE Arca Rule 6.15-O and proposed NYSE American Rule, 961.<sup>15</sup>

**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 3. Clearing TPH Restriction Form.

Exhibit 5. Proposed rule text.

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<sup>15</sup> See supra note 4.

EXHIBIT 1**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34- ; File No. SR-CBOE-2019-036]

[Insert date]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Amend its Rules Governing the Give Up of a Clearing Trading Permit Holder by a Trading Permit Holder on Exchange Transactions

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

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

Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) proposes to amend its rules governing the give up of a Clearing Trading Permit Holder by a Trading Permit Holder on exchange transactions. The text of the proposed rule change is provided in Exhibit 5.

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

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

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

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

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

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

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

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

#### **1. Purpose**

The Exchange proposes to amend Rule 6.21, which governs the give up of a Clearing Trading Permit Holder ("Clearing TPH") by a Trading Permit Holder ("TPH") on Exchange transactions.

#### **Background**

By way of background, Cboe Options Rule 6.21 provides that when a TPH executes a transaction on the Exchange, it must give up the name of the Clearing TPH (the "Give Up") through which the transaction will be cleared. Rule 6.21 also provides that a TPH may only give up a "Designated Give Up" or its "Guarantor." This limitation is enforced by the Exchange's trading systems.

A "Designated Give Up" is currently defined as any Clearing TPH that a TPH

(other than a Market-Maker<sup>5</sup>) identifies to the Exchange, in writing, as a Clearing TPH that the TPH would like to have the ability to give up. To designate a “Designated Give Up” a TPH must submit written notification, in a form and manner determined by the Exchange, to the Membership Services Department (“MSD”). Specifically, the Exchange uses a standardized form (“Notification Form”) that a TPH needs to complete and submit to MSD. The Exchange notes that a TPH may currently designate any Clearing TPH as a Designated Give Up. Additionally, there is no minimum or maximum number of Designated Give Ups that a TPH must identify. Rule 6.21 also requires that the Exchange notify a Clearing TPH, in writing and as soon as practicable, of each TPH that has identified it as a Designated Give Up. The Exchange however, will not accept any instructions from a Clearing TPH to prohibit a TPH from designating the Clearing TPH as a Designated Give Up. Additionally, there is no subjective evaluation of a TPH’s list of proposed Designated Give Ups by the Exchange.

Rule 6.21 also defines “Guarantor”. For purposes of Rule 6.21, a “Guarantor” refers to a Clearing TPH that has issued a Letter of Guarantee or Letter of Authorization for the executing TPH under the Exchange Rules that is in effect at the time of the execution of the applicable trade.<sup>6</sup> An executing TPH may give up its Guarantor without having to first designate it to the Exchange as a “Designated Give Up.”<sup>7</sup> Additionally, the

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<sup>5</sup> For purposes of this rule, references to “Market-Maker” shall refer to Trading Permit Holders acting in the capacity of a Market-Maker and shall include all Exchange Market-Maker capacities (e.g., Designated Primary Market-Makers and Lead Market-Makers).

<sup>6</sup> See Cboe Options Rule 3.28, Cboe Options Rule 6.72, and Cboe Options Rule 8.5.

<sup>7</sup> The Exchange already knows each TPH’s Guarantor and as such, no further designation or identification is required of TPHs to enable their respective

Exchange notes that a Market-Maker is only enabled to give up the Guarantor of the Market-Maker pursuant to Cboe Options Rule 8.5 and also does not need to identify any Designated Give Ups.

Beginning in early 2018, certain Clearing TPHs (in conjunction with the Securities Industry and Financial Markets Association (“SIFMA”)) expressed concerns related to the process by which executing brokers on U.S. options exchanges (the “Exchanges”) are allowed to designate or ‘give up’ a clearing firm for purposes of clearing particular transactions. The SIFMA-affiliated Clearing Members have recently identified the current give-up process as a significant source of risk for clearing firms. SIFMA-affiliated Clearing Members subsequently requested that the Exchanges alleviate this risk by amending Exchange rules governing the give up process.<sup>8</sup>

#### Proposed Rule Change

Based on the above, the Exchange now seeks to amend its rules regarding the current give up process in order to allow a Clearing TPH to “opt in”, at The Options

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Guarantors.

<sup>8</sup> Nasdaq PHLX LLC (“Phlx”) recently modified its give up procedure to allow clearing members to “opt in” such that the clearing member may specify which Phlx member organizations are authorized to give up that clearing member. See Phlx Rule 1037. See also Securities and Exchange Act Release Nos. 84624 (November 19, 2018), 83 FR 60547 (Notice); 85136 (February 14, 2019), 84 FR 5526 (February 21, 2019) (SR-Phlx-2018-72) (Approval Order). NYSE Arca, Inc., (“Nyse Arca”) and NYSE American LLC (“NYSE American”) also recently submitted rule filings to modify their respective give up rules to adopt an “opt in” process. See SR-NYSEArca 2019-32 and SR-NYSEAMER-2019-17. The Exchange’s proposal leads to the same result of providing its Clearing TPHs the ability to control risk and includes Phlx’s, NYSE Arca’s and NYSE American’s “opt in” process, but it otherwise differs slightly in process from their give up rules. For example, the Exchange intends to maintain its provisions relating to Designated Give Ups and eliminate its provisions relating to the rejection of a trade.

Clearing Corporation (“OCC”) clearing number level, to a feature that, if enabled by the Clearing TPH, will allow the Clearing TPH to specify which TPH organizations are authorized to give up that OCC clearing number. As proposed, Rule 6.21, will continue to provide that for each transaction in which a TPH participates, the TPH must immediately give up the name of the Clearing Trading Permit Holder through which the transaction will be cleared (“give up”). Rule 6.21 will also continue to require that TPHs identify to the Exchange, via the Notification Form, all Clearing TPHs that the TPH would like to have the ability to give up (i.e., Designated Give Ups). However, the Exchange proposes to also add to Rule 6.21(a) that Clearing TPHs may elect to “Opt In,” as defined in paragraph (c) of the proposed Rule and described further below, and restrict one or more of its OCC number(s) (“Restricted OCC Number”). A TPH may Give Up a Restricted OCC Number provided the TPH has written authorization as described in paragraph (c)(ii) (“Authorized TPH”). The Exchange notes that if a TPH identifies a particular Clearing TPH as a Designated Give Up, but that Clearing TPH has restricted its OCC number(s) and has not authorized the TPH to give it up, then the Exchange will not give effect to the designation on the Notification Form (i.e., the TPH will not be able to give up that Clearing TPH even though it was identified as a Designated Give Up). Similarly, if a Clearing TPH authorizes a TPH to give up its Restricted OCC Number(s), the Exchange will not enable that Clearing TPH as a give up for that TPH until and unless the TPH identifies that Clearing TPH as a Designated Give Up on a Notification Form. In light of Clearing TPHs having the ability to restrict their OCC numbers from being given up by particular TPHs, the Exchange also proposes to eliminate the process for Clearing TPHs to “reject” trades. As such, the Exchange proposes to eliminate

subparagraphs (e) and (f) of Rule 6.21 and any other references to the process in Rule 6.21.

Proposed Rule 6.21(c) provides that Clearing TPHs may request the Exchange restrict one or more of their OCC clearing numbers (“Opt In”) from being given up unless otherwise authorized. If a Clearing TPH Opt In, the Exchange will require written authorization from the Clearing TPH permitting a TPH to give up a Clearing TPH’s Restricted OCC Number. An Opt In would remain in effect until the Clearing TPH terminates the Opt In as described in subparagraph (iii). If a Clearing TPH does not Opt In, that Clearing TPH’s OCC number may be subject to being given up by any TPH that has designated it as a Designated Give Up. Proposed Rule 6.21(c)(i) will set forth the process by which a Clearing TPH may Opt In. Specifically, a Clearing TPH may Opt In by sending a completed “Clearing TPH Restriction Form” listing all Restricted OCC Numbers and Authorized TPHs.<sup>9</sup> A copy of the proposed form is included in Exhibit 3. A Clearing TPH may elect to restrict one or more OCC clearing numbers that are registered in its name at OCC. The Clearing TPH would be required to submit the Clearing TPH Restriction Form to the Exchange’s MSD as described on the form. Once submitted, the Exchange requires ninety days before a Restricted OCC Number is effective within the System. This time period is to provide adequate time for the TPH users of that Restricted OCC Number who are not initially specified by the Clearing TPH as Authorized TPHs to

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<sup>9</sup> This form will be available on the Exchange’s website. The Exchange will also maintain, on its web site, a list of the Restricted OCC Numbers, which will be updated on a regular basis, and the Clearing TPH’s contact information to assist TPH organizations (to the extent they are not already Authorized TPH Organizations) with requesting authorization for a Restricted OCC Number. The Exchange may utilize additional means to inform its members of such updates on a periodic basis.

obtain the required written authorization from the Clearing TPH for that Restricted OCC Number. Such member users would still be able to give up that Restricted OCC Number during this ninety day period (i.e., until the number becomes restricted within the System).

Proposed Rule 6.21(c)(ii) will set forth the process for TPHs to give up a Clearing TPH's Restricted OCC Number. Specifically, a TPH desiring to give up a Restricted OCC Number must become an Authorized TPH. The Clearing TPH will be required to authorize a TPH as described in subparagraph (i) or (iii) of Rule 6.21(c) (i.e., through a Clearing TPH Restriction Form), unless the Restricted OCC Number is already subject to a Letter of Guarantee that the TPH is a party to, as set forth in Rule 6.21(b)(vi). Pursuant to proposed Rule 6.21(c)(iii), a Clearing TPH may amend the list of its Authorized TPHs or Restricted OCC Numbers by submitting a new Clearing TPH Restriction Form to the Exchange's MSD indicating the amendment as described on the form. Once a Restricted OCC Number is effective within the System pursuant to Rule 6.21(c)(i), the Exchange may permit the Clearing TPH to authorize, or remove authorization for, a TPH to give up the Restricted OCC Number intra-day only in unusual circumstances, and on the next business day in all regular circumstances. The Exchange will promptly notify TPH organizations if they are no longer authorized to give up a Clearing TPH's Restricted OCC Number. If a Clearing TPH removes a Restricted OCC Number, any TPH may give up that OCC clearing number once the removal has become effective on or before the next business day, provided that Clearing TPH has been designated as a Designated Give Up.

The Exchange also proposes to amend current subparagraph (c) (System) (to be

renumbered to subparagraph (d)) of Rule 6.21 to clarify that in addition to the Exchange's system not accepting orders that identify a give up that is not at the time a Designated Give Up or a Guarantor, the System will also reject any order that designates a Restricted OCC Number for which the Trading Permit Holder is not an Authorized TPH.

The Exchange proposes to amend current subparagraph (d) (Notice to Clearing Trading Permit Holders) (to be renumbered to subparagraph (e)) of Rule 6.21 to provide that the Exchange will provide notice to TPHs that they are authorized or unauthorized by Clearing TPHs.

The Exchange also proposes to adopt subparagraph (g) of Rule 6.21 to provide that an intentional misuse of this Rule is impermissible, and may be treated as a violation of Rule 4.1, titled "Just and Equitable Principles of Trade". This language will make clear that the Exchange will regulate an intentional misuse of this Rule, and that such behavior would be a violation of Exchange rules. The proposed language is similar to corresponding provisions in other exchanges' give-up rules.<sup>10</sup>

Lastly, the Exchange proposes to amend its current Trading Permit Holder Notification of Designated Give-Ups Form ("Designated Give-Ups Form"), effective October 7, 2019. The Exchange notes that it will be migrating its trading platform onto new technology on October 7, 2019. Following the technology migration, the Exchange and each of its affiliated options exchanges (i.e., Cboe C2 Exchange, Inc., Cboe BZX Exchange, Inc. and Cboe BYX Exchange, Inc. (collectively, "Cboe Markets") will be on the same technology platform. To provide further harmonization across the Cboe Markets

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<sup>10</sup> See e.g., Phlx Rule 1037(e).

and provide more seamless administration of the Give-Up rule, the Exchange proposes to eliminate the current Designated Give Ups Form and adopt a new form which would be applicable to all Cboe Markets going forward.<sup>11</sup> The proposed Designated Give-Ups Form is included in Exhibit 3.

### Implementation Date

The Exchange proposes to announce the implementation date of the proposed rule change in an Exchange Notice, to be published no later than thirty (30) days following the operative date. The implementation date will be no later than sixty (60) days following the operative date.

### 2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.<sup>12</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>13</sup> requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitation 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

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<sup>11</sup> The Exchange notes that it will not give effect to any instructions on the Designated Give-Ups Form for a particular Cboe Market until and unless such market files a rule change to adopt the new form. The Exchange anticipates filing copycat rule filings for each of its affiliated options exchange in the near future.

<sup>12</sup> 15 U.S.C. 78f(b).

<sup>13</sup> 15 U.S.C. 78f(b)(5).

protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>14</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

Particularly, as discussed above, several clearing firms affiliated with SIFMA have recently expressed concerns relating to the current give up process, which permits member organizations to identify any Clearing TPH as a Designated Give Up for purposes of clearing particular transactions, and have identified the current give up process (i.e., a process that lacks authorization) as a significant source of risk for clearing firms. The Exchange believes that the proposed changes to Rule 6.21 help alleviate this risk by enabling Clearing TPHs to ‘Opt In’ to restrict one or more of its OCC clearing numbers (i.e., Restricted OCC Numbers), and to specify which Authorized TPHs may give up those Restricted OCC Numbers. As described above, all other TPHs would be required to receive written authorization from the Clearing TPH before they can give up that Clearing TPH’s Restricted OCC Number. The Exchange believes that this authorization provides proper safeguards and protections for Clearing TPHs as it provides controls for Clearing TPHs to restrict access to their OCC clearing numbers, allowing access only to those Authorized TPHs upon their request. The Exchange also believes that its proposed Clearing Trading Permit Holder Restriction Form allows the Exchange to receive in a uniform fashion, written and transparent authorization from Clearing TPHs, which ensures seamless administration of the Rule.

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<sup>14</sup> Id.

The Exchange believes that the proposed Opt In process strikes the right balance between the various views and interests across the industry. For example, although the proposed rule would require TPHs (other than Authorized TPHs) to seek authorization from Clearing TPHs in order to have the ability to give them up, each TPH will still have the ability to give up a Restricted OCC Number that is subject to a Letter of Guarantee without obtaining any further authorization if that TPH is party to that arrangement. The Exchange also notes that to the extent the executing TPH has a clearing arrangement with a Clearing TPH (i.e., through a Letter of Guarantee), a trade can be assigned to the executing TPH's guarantor. Accordingly, the Exchange believes that the proposed rule change is reasonable and continues to provide certainty that a Clearing TPH would be responsible for a trade, which 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 competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposed rule change will impose an unnecessary burden on intramarket competition because it would apply equally to all similarly situated TPHs. The Exchange also notes that, should the proposed changes make the Exchange more attractive for trading, market participants trading on other exchanges can always elect to become TPHs on the Exchange to take advantage of the trading opportunities. Furthermore, the proposed rule change does not address any competitive issues and ultimately, the target of the Exchange's proposal is to reduce risk for Clearing TPHs under the current give up model. Clearing firms make financial decisions based on risk and reward, and while it is generally in their beneficial interest to

clear transactions for market participants in order to generate profit, it is the Exchange's understanding from SIFMA and clearing firms that the current process can create significant risk when the clearing firm can be given up on any market participant's transaction, even where there is no prior customer relationship or authorization for that designated transaction. In the absence of a mechanism that governs a market participant's use of a Clearing TPH's services, the Exchange's proposal may indirectly facilitate the ability of a Clearing TPH to manage their existing customer relationships while continuing to allow market participant choice in broker execution services. While Clearing TPHs may compete with executing brokers for order flow, the Exchange does not believe this proposal imposes an undue burden on competition. Rather, the Exchange believes that the proposed rule change balances the need for Clearing TPHs to manage risks and allows them to address outlier behavior from executing brokers while still allowing freedom of choice to select an executing broker.

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 written comments on the proposed rule change.

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

Because the foregoing proposed rule change does not:

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

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

Section 19(b)(3)(A) of the Act<sup>15</sup> and Rule 19b-4(f)(6)<sup>16</sup> thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

#### **IV. Solicitation of Comments**

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

##### Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-CBOE-2019-036 on the subject line.

##### Paper comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-CBOE-2019-036. This file number should be included on the subject line if e-mail is used. To help the Commission process

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

<sup>16</sup> 17 CFR 240.19b-4(f)(6).

and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, D.C. 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-CBOE-2019-036 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>17</sup>

Secretary

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

EXHIBIT 3

Index to Forms in Exhibit 3

1. Clearing TPH Restriction Form
2. Notification Form

**CLEARING TRADING PERMIT HOLDER/MEMBER RESTRICTION FORM****Clearing TPH/Member:**

In accordance with Cboe Markets' rules, the Clearing TPH/Member listed above authorizes Cboe to restrict The Options Clearing Corporation ("OCC") number(s) listed below requiring prior authorization for use as a Give-Up on Cboe Exchange, Inc., Cboe C2 Exchange, Inc., Cboe BZX Exchange, Inc., and/or Cboe EDGX Exchange, Inc., (collectively, "Cboe Markets"). The Clearing TPH/Member must indicate below the OCC number(s) to be restricted for each relevant Cboe Market.

**NOTE:** Once an OCC number is marked as restricted, no TPH/Member will be able to use that restricted OCC number unless they have either: (1) an executed clearing guarantee on file with Membership with that Clearing TPH/Member; or (2) the TPH/Member is authorized by the Clearing TPH/Member pursuant to the applicable Cboe Market rule.

**Instructions:** To authorize or revoke a TPH's/Member's use of a restricted OCC number, please enter the applicable information below and submit to MembershipServices@cboe.com.. List the restricted OCC number in column 1 and provide, if applicable, each TPH/Member that is authorized or restricted on each OCC number in column 2. Check all applicable Cboe Markets in columns 5 through 8. If necessary, please attach additional sheets.

1	2	3	4	5	6	7	8
Restricted OCC Number	TPH/Member Name	Authorized	Revoked	Cboe Options	C2	Cboe BZX	Cboe EDGX
1							
2							
3							

By executing this Clearing TPH/Member Restriction Form, the Clearing TPH/Member grants Cboe permission to publish the Clearing TPH's/Member's restricted OCC number(s) on Cboe's website for purposes of providing notice to other exchange members that the Clearing TPH's/Member's OCC number(s) will not be available for Give Up.

Authorized Signature:

Date:

Print Name:

Title:

Clearing TPH/Member Contact Person (to be provided to market participants seeking authorization):

Email Address:	Phone:
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**TRADING PERMIT HOLDER/MEMBER  
NOTIFICATION OF IDENTIFIED DESIGNATED GIVE-UPS**

**TPH/Member Organization:**

In accordance with Cboe Markets’ rules, the TPH/Member Organization listed above identifies the following Clearing TPHs/Members as Designated Give-Ups for the TPH/Member Organization on Cboe Exchange, Inc., Cboe C2 Exchange, Inc., Cboe BZX Exchange, Inc., and/or Cboe EDGX Exchange, Inc., (collectively, “Cboe Markets”), as applicable. Restricted OCC Numbers will not be enabled unless the TPH/Member Organization listed above is an Authorized Trading Permit Holder for such Restricted OCC Number pursuant to the applicable Cboe Market rule

**Instructions:** Please enter the applicable information below and submit to MembershipServices@cboe.com. List the Designated Clearing TPH/Member in column 1 and provide, each respective OCC number being requested in column 2. Check whether requesting to enable Give-Up or disable Give-Up in columns 3 and 4. Finally check all applicable Cboe Markets in columns 5 through 8, as applicable. If necessary, please attach additional sheets.

1	2	3	4	5	6	7	8
Clearing TPH/Member	OCC #	Enable	Disable	Cboe Options	C2	Cboe BZX	Cboe EDGX
<b>1</b>							
<b>2</b>							
<b>3</b>							
<b>4</b>							
<b>5</b>							

Authorized Representative Signature:	Date:
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Print Name:	Title:
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Email Address:	Phone:
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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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**Rule 6.21. Give Up of a Clearing Trading Permit Holder**

(a) General. For each transaction in which a Trading Permit Holder participates, the Trading Permit Holder must immediately give up the name of the Clearing Trading Permit Holder through which the transaction will be cleared (“give up”). The Clearing Trading Permit Holder that is named as the give up for a transaction must hold a Trading Permit for the trading session in which the transaction occurred. The Clearing Trading Permit Holder that is given up must be a Designated Give Up or a Guarantor of the Trading Permit Holder as set forth in paragraph (b) below. [If a Designated Give Up determines to reject a trade in accordance with this Rule, the Guarantor for the executing Trading Permit Holder shall become the give up on the trade, unless another Clearing Trading Permit Holder agrees to accept the trade, in accordance with paragraph (f) below.] Clearing Trading Permit Holders may elect to Opt In, as defined and described in paragraph (c) below, and restrict one or more of its OCC number(s) (“Restricted OCC Number”). A Trading Permit Holder may give up a Restricted OCC Number provided the Trading Permit Holder has written authorization as described in paragraph (c)(ii) below (“Authorized Trading Permit Holder”) and provided the Restricted OCC Number belongs to a Designated Give Up of the Trading Permit Holder.

(b) Designated Give Ups.

- (i) Definition of Designated Give Up. For purposes of this Rule, a “Designated Give Up” of a Trading Permit Holder shall refer to a Clearing Trading Permit Holder which has been identified to the Exchange by that Trading Permit Holder as a Clearing Trading Permit Holder that the Trading Permit Holder would like the ability to give up and which has been processed by the Exchange as a Give Up.
- (ii) Definition of Guarantor. For purposes of this Rule, a “Guarantor” of an executing Trading Permit Holder shall refer to a Clearing Trading Permit Holder that has issued a Letter of Guarantee or Letter of Authorization for the executing Trading Permit Holder under the Rules of the Exchange that is in effect at the time of the execution of the applicable trade.
- (iii) Identification of Designated Give Up. Every Trading Permit Holder (other than a Market-Maker) must identify, in a form and manner

prescribed by the Exchange and in advance of giving up any Clearing Trading Permit Holder that is not a Guarantor for the Trading Permit Holder, any Designated Give Ups. A Trading Permit Holder shall only give up (i) a Clearing Trading Permit Holder that has previously been identified and processed by the Exchange as a Designated Give Up for that Trading Permit Holder, provided that the Designated Give Up has not Opted In, or provided that the Trading Permit Holder is an Authorized Trading Permit Holder of that Designated Give Up, or (ii) a Guarantor for that Trading Permit Holder[, or another Clearing Trading Permit Holder that agrees to accept a trade in accordance with paragraph (f) below].

- (iv) Non Market-Makers. Any Trading Permit Holder (other than a Market-Maker) may designate, pursuant to subparagraph (b)(iii) above, any Clearing Trading Permit Holder other than its Guarantor, as a Designated Give Up. [The Exchange will not accept any instructions, and not give effect to any previous instructions, from a Clearing Trading Permit Holder not to permit a Trading Permit Holder to designate the Clearing Trading Permit Holder as a Designated Give Up.]
- (v) Market-Makers. For each transaction in which a Market-Maker participates, a Guarantor of the Market-Maker shall be the Clearing Trading Permit Holder through which the transaction will be cleared.
- (vi) Guarantors. A Guarantor for a Trading Permit Holder will be enabled to be given up for that Trading Permit Holder without any further action by the Clearing Trading Permit Holder or Trading Permit Holder.
- (vii) Removal of Designated Give Up. If a Trading Permit Holder (other than a Market-Maker) no longer wants the ability to give up a particular Designated Give Up, the Trading Permit Holder must notify the Exchange, in a form and manner prescribed by the Exchange.

(c) Opt In. Clearing Trading Permit Holders may request the Exchange restrict one or more of their OCC clearing numbers (“Opt In”) as described in subparagraph (i) below. If a Clearing Trading Permit Holder opts In, the Exchange will require written authorization from the Clearing Trading Permit Holder permitting a Trading Permit Holder to give up a Clearing Trading Permit Holder’s Restricted OCC Number. An Opt In would remain in effect until the Clearing Trading Permit Holder terminates the Opt In as described in subparagraph (iii) below. If a Clearing Trading Permit Holder does not Opt In, that Clearing Trading Permit Holder’s OCC number would be subject to give up by any TPH organization.

- (i) Clearing Trading Permit Holder Process to Opt In. A Clearing Trading Permit Holder may Opt In by sending a completed “Clearing Trading Permit Holder Restriction Form” listing all Restricted OCC Numbers and Authorized Trading Permit Holders. A Clearing Trading

Permit Holder may elect to restrict one or more OCC clearing numbers that are registered in its name at OCC. The Clearing Trading Permit Holder would be required to submit the Clearing Trading Permit Holder Restriction Form to the Exchange's Membership Department as described on the form. Once submitted, the Exchange requires ninety days before a Restricted OCC Number is effective within the System.

(ii) TPH Organization Give Up Process for Restricted OCC Numbers. A TPH organization desiring to give up a Restricted OCC Number must become an Authorized TPH. The Clearing Trading Permit Holder will be required to authorize a TPH organization as described in subparagraph (i) or (iii), unless the Restricted OCC Number is already subject to a Letter of Guarantee that the TPH organization is a party to.

(iii) Amendments to Authorized TPHs or Restricted OCC Numbers. A Clearing Trading Permit Holder may amend its Authorized TPHs or Restricted OCC Numbers by submitting a new Clearing Trading Permit Holder Restriction Form to the Exchange's Membership Department indicating the amendment as described on the form. Once a Restricted OCC Number is effective within the System pursuant to paragraph (i) above, the Exchange may permit the Clearing Trading Permit Holder to authorize, or remove authorization for, a TPH organization to Give Up the Restricted OCC Number intra-day only in unusual circumstances, and on the next business day in all regular circumstances. The Exchange will promptly notify TPH organizations if they are no longer authorized to give up a Clearing Trading Permit Holder's Restricted OCC Number. If a Clearing Trading Permit Holder removes a Restricted OCC Number, any TPH organization may give up that OCC clearing number once the removal has become effective on or before the next business day, provided that the TPH organization has identified the Clearing Trading Permit Holder as a Designated Give Up.

([c]d) System. The Exchange's trading systems shall only accept orders which identify an effective Designated Give Up or a Guarantor. For any Restricted OCC Number, the Exchange's trading systems will only accept orders for that number from an Authorized Trading Permit Holder that has also designated that Clearing Trading Permit Holder as a Designated Give Up. [The Exchange's trading systems shall reject any order entered by a Trading Permit Holder which designates a give up that is not at the time a Designated Give Up or Guarantor of the Trading Permit Holder.]

([d]e) Notice [to Clearing Trading Permit Holders]. The Exchange shall notify a Clearing Trading Permit Holder, in writing and as soon as practicable, of each Trading Permit Holder that has identified the Clearing Trading Permit Holder as a Designated Give Up pursuant to subparagraph (b)(iii) above. The Exchange shall notify a Trading Permit Holder, in writing and as soon as practicable, of each Clearing Trading Permit Holder that has identified the Trading Permit Holder as an Authorized TPH pursuant to subparagraph (c) above.

[(e) Acceptance of a Trade.

(i) Designated Give Ups. A Designated Give Up may determine in accordance with the provisions of this Rule not to accept a trade for which its name was given up if it believes in good faith that it has a valid reason not to accept the trade and follows the procedures set forth in paragraph (f) below.

(ii) Guarantors. A Guarantor must accept a trade for which its name was given up in relation to a Trading Permit Holder (other than a Market-Maker) for which it is a Guarantor unless (i) another Clearing Trading Permit Holder agrees to be the give up on the subject trade, (ii) the Clearing Trading Permit Holder has first notified the Exchange and the executing Trading Permit Holder in writing of its intent to accept the trade, and (iii) the give up is changed to the Clearing Trading Permit Holder that has agreed to accept the trade in accordance with the procedures in paragraph (f) below. A Guarantor for a Trading Permit Holder that is a Market-Maker must accept a trade for which its name was given up in relation to a Market-Maker trade by that Trading Permit Holder.

(f) Procedures to Reject a Trade: In the event a Designated Give Up determines to reject a trade, the following procedures shall apply:

(i) Notification to Trading Permit Holder. If a Designated Give Up decides to reject a trade, it must notify the executing Trading Permit Holder or its designated agent as soon as possible and should attempt to resolve the disputed give up. The notification must be in writing. A Designated Give Up may contact the Exchange and request the identity and contact information of the executing Trading Permit Holder or its designated agent for any trade it intends to reject.

(ii) Change of Give Up Made On Trade Date. A Designated Give Up may, following notification to the Trading Permit Holder pursuant to subparagraph (f)(i), contact the Exchange and request the ability to change the give up on the trade. Upon such a request and so long as the Exchange is able to process the request prior to the trade input cutoff time established by the Clearing Corporation (or fifteen minutes thereafter if the Exchange receives and is able to process a request to extend its time of final trade submission to the Clearing Corporation) (“Trade Date Cutoff Time”), the Exchange shall provide the Designated Give Up the ability to change the give up on the trade. The Designated Give Up can only change the give up to either (1) another Clearing Trading Permit Holder that has agreed to be the give up on the subject trade, so long as that Clearing Trading Permit Holder has first notified the Exchange and the executing Trading Permit Holder in writing of its intent to accept the trade or (2) a Guarantor for the executing Trading Permit Holder, so long as the Designated Give Up has first notified the Guarantor in writing that the Designated Give Up is changing the give up on the trade to the Guarantor. The ability to make such a change shall end at the Trade Date Cutoff Time.

- (iii) Change of Give Up Made On T+1. A Designated Give Up may, following notification to the Trading Permit Holder pursuant to subparagraph (f)(i), contact the Exchange and request the ability to reject the trade on the next trading day (“T+1”). Upon such a request and so long as the Exchange is able to process the request prior to 12:00 p.m. (CT) on T+1 (“T+1 Cutoff Time”), the Exchange shall provide the Designated Give Up the ability to enter trade records into the Exchange’s systems that would effect a transfer of the trade to another Clearing Trading Permit Holder. The Designated Give Up can only transfer the trade to either (1) another Clearing Trading Permit Holder that has agreed to be the give up on the subject trade so long as that Clearing Trading Permit Holder has first notified the Exchange and executing Trading Permit Holder in writing of its intent to accept the trade or (2) a Guarantor for the executing Trading Permit Holder, so long as the Designated Give Up has first notified the Guarantor in writing that the Designated Give Up is transferring the give up on the trade to the Guarantor. The ability to make such a change shall end at the T+1 Cutoff Time.
- (iv) Expiring Options Series. For transactions in an expiring options series that take place on the last trading day prior to its expiration, no changes can be made to the give up on T+1. A Designated Give Up may only reject these transactions on the trade date until the Trade Date Cutoff Time in accordance with subparagraph (f)(ii) above.
- (v) Notification of Change. A Designated Give Up which changes the give up on a trade shall immediately thereafter notify, in writing, the Exchange, the Clearing Trading Permit Holder given up and all parties to the trade of the change.]

([g]e) Other Give Up Changes.

- (i) Give Up Changes Made by Executing Trading Permit Holders: If the executing Trading Permit Holder has the ability through an Exchange system to do so, the Trading Permit Holder may change the give up on the trade to another Designated Give Up, provided it’s an Authorized TPH for any Restricted OCC Number, or to its Guarantor. The ability of an executing Trading Permit Holder to make any give up change shall end at the trade input cutoff time established by the Clearing Corporation (or fifteen minutes thereafter if the Exchange receives and is able to process a request to extend its time of final trade submission to the Clearing Corporation)(“Trade Date Cutoff Time”).
- (ii) Give Up Changes Made by Designated Give Ups to Affiliates and Back Office Agents: If a Designated Give Up has the ability through an Exchange system to do so, the Designated Give Up may change the give up on a trade to (i) another Clearing Trading Permit Holder affiliated with the Designated Give Up or (ii) a Clearing Trading Permit Holder that is a back office agent for the Designated Give Up. The ability to make such a change shall end at the Trade Date Cutoff Time. [The procedures in

paragraph (f) above shall not apply to give up changes made pursuant to this subparagraph (g)(ii).]

- (iii) Give Up Changes Made by Designated Give Ups or Guarantors and Clearing Trading Permit Holders on T+1. If a Designated Give Up (or Guarantor) and a Clearing Trading Permit Holder have the ability through an Exchange system to do so, the Designated Give Up (or Guarantor) and Clearing Trading Permit Holder may each enter trade records into the Exchange's systems on the next trading day ("T+1") that would effect a transfer of the trade in a non-expired option series from that Designated Give Up (or Guarantor) to that Clearing Trading Permit Holder. The ability to make such a change shall end at [the] 12:00 p.m. (CT) on T+1 ("T+1 Cutoff Time"). The Designated Give Up (or Guarantor) shall notify the Exchange and all the parties to the trade, in writing, of any such change. [The procedures in paragraph (f) above shall not apply to give up changes made pursuant to this subparagraph (g)(iii).]

([h]f) Responsibility: For purposes of the Rules of the Exchange, a Clearing Trading Permit Holder shall be financially responsible for all trades for which it is the give up at the Applicable Cutoff Time. Nothing in this Rule shall preclude a different party from being responsible for the trade outside of the Rules of the Exchange pursuant to the Rules of the Clearing Corporation, any agreement between the applicable parties, other applicable rules and regulations, arbitration, court proceedings or otherwise. [In processing the request to provide a Designated Give Up the ability to change the give up or to reject a trade pursuant to this Rule, the Exchange will not, and has no obligation to, consider whether the Designated Give Up or any other party has satisfied the requirements of this Rule or any other Rule, including in relation to having a good faith belief that the Designated Give Up has a valid reason not to accept a trade or having notified the executing Trading Permit Holder and attempted to resolve the disputed give up prior to changing the give up or rejecting the trade. This Rule does not preclude these factors from being considered in a different forum such as is noted in the preceding sentence or by the Exchange for regulatory and disciplinary purposes. The Exchange's action to process a request to provide a Designated Give Up or Guarantor the ability to change the give up pursuant to this Rule shall not be subject to review, but a Clearing Trading Permit Holder that violates the provisions of this Rule in taking such an action will be subject to discipline in accordance with the Rules.] For purposes of this Rule, the "Applicable Cutoff Time" shall refer to the T+1 Cutoff Time for non-expiring option series and to the Trade Date Cutoff Time for expiring option series.

(g) An intentional misuse of this Rule is impermissible, and may be treated as a violation of Rule 4.1.

**. . . Interpretations and Policies:**

**.01** Nothing herein shall be deemed to preclude the clearance of Exchange transactions by a non-Trading Permit Holder pursuant to the By-Laws of the Clearing Corporation so long as a Clearing Trading Permit Holder who is a Trading Permit

Holder is also designated as having responsibility under these Rules for the clearance and comparison of such transactions.

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