

## OMB APPROVAL

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Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 34	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2019 - * 095 Amendment No. (req. for Amendments *)
Filing by Cboe Exchange, Inc. Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934		
Initial * <input checked="" type="checkbox"/> Amendment * <input type="checkbox"/> Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/> Section 19(b)(3)(A) * <input checked="" type="checkbox"/> Section 19(b)(3)(B) * <input type="checkbox"/>	Rule <input type="checkbox"/> 19b-4(f)(1) <input type="checkbox"/> 19b-4(f)(4) <input type="checkbox"/> 19b-4(f)(2) <input type="checkbox"/> 19b-4(f)(5) <input type="checkbox"/> 19b-4(f)(3) <input checked="" type="checkbox"/> 19b-4(f)(6)
Pilot <input type="checkbox"/> Extension of Time Period for Commission Action * <input type="checkbox"/> Date Expires *		
Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010 Section 806(e)(1) * <input type="checkbox"/> Section 806(e)(2) * <input type="checkbox"/>		Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 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"/>	
<b>Description</b> Provide a brief description of the action (limit 250 characters, required when Initial is checked *). <div style="border: 1px solid black; padding: 5px; margin-top: 10px;">           The Exchange proposes to to relocate various Exchange Rules from the currently effective Rulebook to the shell structure for the Exchange's Rulebook that will become effective upon migration.         </div>		
<b>Contact Information</b> 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 * Rebecca Last Name * Tenuta Title * Counsel E-mail * rtenuta@cboe.com Telephone * (312) 786-7068 Fax		
<b>Signature</b> 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. <div style="text-align: right;">(Title *)</div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div>           Date 10/04/2019            By Rebecca Tenuta            (Name *)         </div> <div style="border: 1px solid black; padding: 5px; width: 300px;">           Counsel         </div> </div> <div style="margin-top: 10px;">           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.           <div style="text-align: center; margin-top: 5px;"> <span style="background-color: #cccccc; padding: 5px 20px; border: 1px solid #000;">rtenuta@cboe.com</span> </div> </div>		

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 \***

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

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

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

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

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Exhibit Sent As Paper Document

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

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

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Exhibit Sent As Paper Document

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

**Exhibit 4 - Marked Copies**

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

**Exhibit 5 - Proposed Rule Text**

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

**Partial Amendment**

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

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

(a)     Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) proposes to relocate various Exchange Rules from the currently effective Rulebook (“current Rulebook”) to the shell structure for the Exchange’s Rulebook that will become effective upon the migration of the Exchange’s trading platform to the same system used by the Cboe Affiliated Exchanges (as defined below) (“shell Rulebook”). The proposed rule change also deletes certain Exchange Rules from the currently effective Rulebook that will no longer be applicable following the migration. 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 October 4, 2019. The proposed rule change would become operative on the date on which Cboe Options completes the migration of its trading platform to the same system used by the Cboe Affiliated Exchanges (as defined below), which is expected to occur on October 7, 2019.

(b)     Please refer questions and comments on the proposed rule change to Pat Sexton, Executive Vice President, General Counsel, and Corporate Secretary, (312) 786-7467, or Rebecca Tenuta, (312) 786-7068, 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

In 2016, the Exchange's parent company, Cboe Global Markets, Inc. (formerly named CBOE Holdings, Inc.) ("Cboe Global"), which is also the parent company of Cboe C2 Exchange, Inc. ("C2"), acquired Cboe EDGA Exchange, Inc. ("EDGA"), Cboe EDGX Exchange, Inc. ("EDGX" or "EDGX Options"), Cboe BZX Exchange, Inc. ("BZX" or "BZX Options"), and Cboe BYX Exchange, Inc. ("BYX" and, together with Cboe Options, C2, EDGX, EDGA, and BZX, the "Cboe Affiliated Exchanges"). The Cboe Affiliated Exchanges are working to align certain system functionality, retaining only intended differences, between the Cboe Affiliated Exchanges, in the context of a technology migration. Cboe Options intends to migrate its trading platform to the same system used by the Cboe Affiliated Exchanges, which the Exchange expects to complete on October 7, 2019. In connection with this technology migration, the Exchange has a shell Rulebook that resides alongside its current Rulebook, which shell Rulebook will contain the Rules that will be in place upon completion of the Cboe Options technology migration.

The Exchange proposes to relocate certain rules currently in the currently effective Rulebook into the shell Rulebook. The Exchange notes that in addition to moving these various rules, the proposed rule change deletes the rules from the current Rulebook. It also proposes to delete certain current rules that, as a result of the rules already in the shell Rulebook, are either redundant or are no longer applicable to trading on the Exchange. The proposed rule change moves and, where applicable, removes the rules as follows:

Shell Rule	Current Rule
5.3 Bids and Offers (introductory paragraph)	6.43 Manner of Bidding and Offering
5.5(d) System Access and Connectivity ( <i>Mandatory Testing</i> )	6.23A(f) Trading Permit Holder Connectivity ( <i>Mandatory Systems Testing</i> ) <sup>1</sup>
5.6(a) Order Types, Order Instructions, and Times-in-Force ( <i>Availability</i> )	6.11 Origins Eligible for Book Entry
6.7 Off-Floor Transfers of Positions	6.49A Off-Floor Transfers of Positions
6.8 Off-Floor RWA Transfers	6.49B Off-Floor RWA Transfers
<i>To be deleted</i>	6.51A. Fines for Failure to Perform Certain Reporting Duties
<i>To be deleted</i>	6.53A Types order Formats
<i>To be deleted</i>	24.13 Trading Rotations
<i>To be deleted</i>	24A.11 FLEX Index Appointed Market-Maker Account Equity
<i>To be deleted</i>	24A.12 FLEX Appointed Market-Maker Financial Requirements

The proposed changes are of a non-substantive nature and will not amend the relocated rules other than to update their rule numbers, conform paragraph structure and

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<sup>1</sup> The Exchange notes that this provision was removed from the currently effective Rulebook in filing SR-CBOE-2019-033. However, that filing inadvertently did not maintain this language in the shell Rulebook. See Securities Exchange Act Release No. 86374 (July 15, 2019), 84 FR 34963 (July 19, 2019) (SR-CBOE-2019-033) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to System Connectivity and Order Entry and Allocation Upon the Migration of the Exchange's Trading Platform to the Same System Used by the Cboe Affiliated Exchanges).

number/lettering format to that of the shell Rulebook, and make cross-reference changes to shell rules.

The Exchange notes that the proposed change to incorporate the language under current Rule 6.11 into shell Rule 5.6(a) does not substantively change the current provision but updates it to streamline and simplify the language and the reflect shell rule text. Current Rule 6.11 states that after a class opens for trading, the System accepts for entry into the Book quotes of Market-Makers (including DPMs and LMMs) and orders of any origin in Hybrid classes. The proposed provision that relocates Rule 6.11 under shell Rule 5.6(a) states that after a class opens for trading pursuant to Rule 5.31 (the shell rule which will govern the opening auction process upon migration), the System accepts for entry into the Book orders and quotes with any Capacity. In other words, orders and quotes of any Capacity will be eligible to enter the Book. The Exchange notes that this is substantively the same provision as the current provision because all classes currently trade on the System, and, pursuant to shell Rule 1.1, upon migration, the term “Capacity” will be used to reference what is referred to as “origin” in the currently effective rules.<sup>2</sup> Therefore, the proposed language merely simplifies and streamlines the current provision and updates terms to reflect terms in the shell Rulebook.

The proposed change also adds current Rule 6.23A(f), which governs mandatory systems testing for Trading Permit Holders, to shell Rule 5.5(d). The Exchange notes that SR-

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<sup>2</sup> See shell Rule 1.1, which defines “quote” or “quotations” as a firm bid or offer a Market-Maker (a) submits electronically in an order or bulk message (including to update any bid or offer submitted in a previous order or bulk message) or (b) represents in open outcry on the trading floor.

CBOE-2019-033<sup>3</sup> removed current Rule 6.23A, but did not incorporate it into the shell Rulebook in anticipation of migration. While that filing indicated that Rule 5.24 in the shell Rulebook covered the same provision as current Rule 6.23A(f), current Rule 6.23A(f) is broader than the required testing in shell Rule 5.24, which relates only to disaster recovery testing. Under current Rule 6.23A(f), the Exchange currently may require other types of testing, and therefore believes it is appropriate to maintain this provision in the shell Rulebook. The Exchange notes that proposed 5.5(d) will merely continue to govern mandatory system testing upon the October 7, 2019 migration in the same manner in which Rule 6.23A(f) currently governs mandatory systems testing, and therefore will not substantively alter nor have any impact on trading on the Exchange or on TPHs.

The proposed changes to remove certain rules are of a non-substantive nature because they delete rules that are redundant or not applicable as a result of other rules already in the shell Rulebook. The proposed rule change removes current Rule 6.53A, which covers order formats, as these formats relate solely to the Exchange's current system, and therefore will not be applicable on the new system following the technology migration and information regarding order formats is already available in technical specifications on the Exchange's website.<sup>4</sup> The proposed change removes current Rule 24.13, which describes trading rotations for index options because it is redundant of the opening process in shell Rule 5.31 (current

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<sup>3</sup> See Securities and Exchange Act Release No. 86374 (July 15, 2019), 84 FR 34963 (July 19, 2019) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to System Connectivity and Order Entry and Allocation Upon the Migration of the Exchange's Trading Platform to the Same System Used by the Cboe Affiliated Exchanges) (SR-CBOE-2019-033).

<sup>4</sup> See Cboe US Options FIX Specifications (October 3, 2019), available at [http://cdn.cboe.com/resources/membership/US\\_Options\\_FIX\\_Specification.pdf](http://cdn.cboe.com/resources/membership/US_Options_FIX_Specification.pdf); and Cboe US Options BOE Specifications (October 3, 2019), available at [http://cdn.cboe.com/resources/membership/US\\_Options\\_BOE\\_Specification.pdf](http://cdn.cboe.com/resources/membership/US_Options_BOE_Specification.pdf).

Rule 6.2) which governs the opening auction process for both equity options and index options. Pursuant to current Rule 24.13, the Exchange may provide for the opening rotation to be conducted using the procedures described in current Rule 24.13 or current Rule 6.2 (shell Rule 5.31). The Exchange has provided for the opening rotation to be conducted using the procedures described in current Rule 6.2 (shell Rule 5.31). Additionally, the Exchange pursuant to current Rule 6.2 (proposed Rule 5.31) has authority to deviate from the opening rotation procedures, while Designated Primary Market-Makers (“DPMs”) and Lead Market-Makers (“LMMs”) do not. Therefore, deletion of current Rule 24.13 will have no impact on the opening of index options. Index options will continue to open for trading pursuant to the same process as other options as set forth in current Rule 6.2 (shell Rule 5.31).<sup>5</sup>

The proposed rule change removes Rule 6.51A because this Rule was deleted in 1992 and merely refers to current Rule 17.50 (shell Rule 13.15).<sup>6</sup> Finally, the proposed rule change deletes current Rule 24A.11, in connection with FLEX Index appointed Market-Maker account equity, and Rule 24A.12, in connection with FLEX Index appointed Market-Maker financial requirements, because the Exchange does not currently have any FLEX Appointed Market-Makers, and does not intend to have any following migration. In other rule filings, the Exchange previously deleted various current Rules related to FLEX Appointed Market-Makers, and inadvertently did not omit current Rules 24A.11 and 24A.22 in those rule filings.<sup>7</sup>

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<sup>5</sup> The Commission previously approved certain changes to the Exchange’s opening trading process for

<sup>6</sup> Rule 13.15(g) of the shell Rulebook describes fines that may be imposed for failure to perform certain reporting duties. See, e.g., Rule 13.15(g)(4) (failure to submit trade information on time and failure to submit trade information to the price reporter).

<sup>7</sup> See Securities Exchange Act Release No. 87024 (September 19, 2019), 84 FR 50545 (September 25, 2019) (SR-CBOE-2019-059) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Certain Rules



(b) Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the “Act”) and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.<sup>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 promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>10</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

As stated, the proposed rule change makes no substantive changes to the rules. The proposed rule change is merely intended to relocate the Exchange’s rules to the shell Rulebook and update their numbers, paragraph structure, including number and lettering format, cross-references, and terms found in the shell Rules, as well as removing rules that are either redundant or no longer applicable to the Exchange, in order to conform to the shell Rulebook as a whole in anticipation of the technology migration on October 7, 2019.

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Relating To Market-Makers Upon Migration to the Trading System Used by Cboe Affiliated Exchanges); and SR-CBOE-2019-084 (filed October 2, 2019).

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

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

<sup>10</sup> Id.

As such, the proposed rule change is designed to promote just and equitable principles of trade, 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, by improving the way the Exchange's Rulebook is organized, making it easier to read, and, particularly, helping market participants better understand the rules of the Exchange, which will also result in less burdensome and more efficient regulatory compliance.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange reiterates that the proposed rule change is being proposed in the context of a technology migration of the Exchange's system to the same technology platform as that used by the Cboe Affiliated Exchanges and a related reorganization of the Rulebook, and not as a competitive filing. The Exchange does not believe that the proposed rule change will impose any burden on intramarket competition because it deletes rules that are redundant or no longer applicable in light of the rules already in the shell Rulebook, will allow the provision that currently governs mandatory systems testing to continue to govern mandatory systems testing upon migration, and makes non-substantive changes to the rules by relocating the rules and updating their paragraph structure and cross-references, to conform to the shell Rulebook that will be in place come October 7, 2019. The Exchange does not believe that the proposed rule change will impose any burden on intermarket competition because the proposed rules are substantially the same as the Exchange's current rules, all of which have all been previously filed with the Commission.

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

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

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

Not applicable.

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

(a) The proposed rule change is filed for immediate effectiveness pursuant to Section 19(b)(3)(A) of Act<sup>11</sup> and Rule 19b-4(f)(6)<sup>12</sup> thereunder.

(b) The Exchange designates that the proposed rule change effects a change that (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest. Additionally, the Exchange has given the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission.

The proposed rule change will not significantly affect the protection of investors and the public interest because it is intended to consolidate the Exchange Rules and update the formatting, references and terms within its rules in anticipation of the technology migration. The proposed rule change does not make any substantive changes to the

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<sup>11</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>12</sup> 17 CFR 240.19b-4(f)(6).

Exchange rules or Exchange functionality. The proposed non-substantive changes, including updating paragraph structure and formatting, updating and simplifying certain rule text to conform to the terms in the shell Rules, updating rule cross-references, relocating rules, allowing a current provision to continue to govern the same subject matter post-migration, and removing redundant rules or rules no longer applicable to the Exchange in light of the shell Rules, will benefit investors and the public interest by simplifying the Exchange Rules and Rulebook as a whole and making them easier to follow and understand for all investors. This, too, will benefit investors and the public interest by resulting in less burdensome and more efficient regulatory compliance upon migration.

The proposed rule change will not impose any significant burden on competition because it is merely relocating the current Exchange Rules, all of which have been previously filed with the Commission, and makes no substantive changes to the current rules, as well as deleting redundant or inapplicable rules. As stated, the proposed rule change is not intended as a competitive filing but is instead intended to provide an organized and uniform shell Rulebook to the benefit of all market participants upon migration. The proposed rule change will have no impact on trading on the Exchange or on Trading Permit Holders.

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

Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved. The Exchange respectfully requests that the Commission waive the five-day pre-filing requirement and the 30-day operative delay period after which a proposed rule change under Rule 19b-4(f)(6) becomes effective so that the Exchange can restructure its Rulebook as already approved by the Commission. As described above, the proposed rule change merely makes minor updates to the current rules to reflect the shell Rules and relocates current rules into the shell Rulebook, which will be effective upon migration on October 7, 2019, as well as deleted redundant or inapplicable rules from the current Rulebook. The proposed rule change makes no substantive changes to any of the rules, thus, the proposed rule changes will have no impact on trading on the Exchange, the operation of the Exchange, or any participant requirements. The Exchange also notes that its participants have been notified of and preparing for the October 7, 2019 migration, and resulting Rulebook restructuring, since April 5, 2018.<sup>13</sup> Finally, the Exchange notes that other Exchanges have relocated their rules in a similar manner.<sup>14</sup> The Exchange believes that relocating the rules which

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<sup>13</sup> See Cboe Global Markets News Release (April 5, 2018), available at <http://ir.cboe.com/~media/Files/C/CBOE-IR-V2/press-release/2018/pr-04-05-2018.pdf>; see also Securities Exchange Act Release No. 84739 (December 6, 2018), 83 FR 63952 (December 12, 2018) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating To Adopt a Shell Structure for the Cboe Options Rulebook in Connection With the Migration of the Exchange to Bats Technology) (SR-CBOE-2018-074).

<sup>14</sup> See e.g. Securities and Exchange Act Release No. 82505 (January 16, 2018), 83 FR 3037 (January 22, 2018) (Nasdaq PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Relocate Price Improvement XL Rule) (SR-Phlx-2018-06); and Securities and Exchange Act Release No. 84659 (November 27, 2018), 83 FR 62391 (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Relocate the Exchange's Options Exercise and Delivery Rules) (SR-BX-2018-056).

currently remain in the current Rulebook to the shell Rulebook, as well as updating their numbers, paragraph structure, including number and lettering format, and cross-references, and certain terms to conform to the shell Rules, as well as removing redundant provisions and/or provision no longer applicable to the Exchange as a result of current shell Rules, will conform the current rules to the shell Rulebook will provide investors with a holistic Exchange Rulebook upon migration. Therefore, the Exchange respectfully requests that the Commission waive the five-day pre-filing requirement and the 30-day operative delay so that the proposed rule change promptly becomes effective October 7, 2019 and avoids any potential confusion by providing investors with a complete Exchange Rulebook upon the completion of migration, which will ultimately protect investors.

(c) Not applicable.

(d) Not applicable.

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

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

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

Not applicable.

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

Not applicable.

**Item 11. Exhibits**

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

Exhibit 5A. Proposed rule text – current Rulebook.

Exhibit 5B. Proposed rule text – shell Rulebook.

EXHIBIT 1**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34- ; File No. SR-CBOE-2019-095]

[Insert date]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Relocate Various Exchange Rules from the Currently Effective Rulebook (“Current Rulebook”) to the Shell Structure for the Exchange’s Rulebook that will Become effective Upon the Migration of the Exchange’s Trading Platform to the Same System used by the Cboe Affiliated Exchanges (as Defined Below) (“Shell Rulebook”)

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 relocate various Exchange Rules from the currently effective Rulebook (“current Rulebook”) to the shell structure for the Exchange’s Rulebook that will become effective upon the

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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).



migration of the Exchange's trading platform to the same system used by the Cboe Affiliated Exchanges (as defined below) ("shell Rulebook"). The proposed rule change also deletes certain Exchange Rules from the currently effective Rulebook that will no longer be applicable following the migration. The text of the proposed rule change is provided in Exhibit 5.

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**

In 2016, the Exchange's parent company, Cboe Global Markets, Inc. (formerly named CBOE Holdings, Inc.) ("Cboe Global"), which is also the parent company of Cboe C2 Exchange, Inc. ("C2"), acquired Cboe EDGA Exchange, Inc. ("EDGA"), Cboe EDGX Exchange, Inc. ("EDGX" or "EDGX Options"), Cboe BZX Exchange, Inc. ("BZX" or "BZX Options"), and Cboe BYX Exchange, Inc. ("BYX" and, together with Cboe Options, C2, EDGX, EDGA, and BZX, the "Cboe Affiliated Exchanges"). The Cboe Affiliated

Exchanges are working to align certain system functionality, retaining only intended differences, between the Cboe Affiliated Exchanges, in the context of a technology migration. Cboe Options intends to migrate its trading platform to the same system used by the Cboe Affiliated Exchanges, which the Exchange expects to complete on October 7, 2019. In connection with this technology migration, the Exchange has a shell Rulebook that resides alongside its current Rulebook, which shell Rulebook will contain the Rules that will be in place upon completion of the Cboe Options technology migration.

The Exchange proposes to relocate certain rules currently in the currently effective Rulebook into the shell Rulebook. The Exchange notes that in addition to moving these various rules, the proposed rule change deletes the rules from the current Rulebook. It also proposes to delete certain current rules that, as a result of the rules already in the shell Rulebook, are either redundant or are no longer applicable to trading on the Exchange. The proposed rule change moves and, where applicable, removes the rules as follows:

<b>Shell Rule</b>	<b>Current Rule</b>
5.3 Bids and Offers (introductory paragraph)	6.43 Manner of Bidding and Offering
5.5(d) System Access and Connectivity ( <i>Mandatory Testing</i> )	6.23A(f) Trading Permit Holder Connectivity ( <i>Mandatory Systems Testing</i> ) <sup>5</sup>
5.6(a) Order Types, Order Instructions, and	6.11 Origins Eligible for Book Entry

<sup>5</sup> The Exchange notes that this provision was removed from the currently effective Rulebook in filing SR-CBOE-2019-033. However, that filing inadvertently did not maintain this language in the shell Rulebook. See Securities Exchange Act Release No. 86374 (July 15, 2019), 84 FR 34963 (July 19, 2019) (SR-CBOE-2019-033) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to System Connectivity and Order Entry and Allocation Upon the Migration of the Exchange's Trading Platform to the Same System Used by the Cboe Affiliated Exchanges).

Times-in-Force ( <i>Availability</i> )	
6.7 Off-Floor Transfers of Positions	6.49A Off-Floor Transfers of Positions
6.8 Off-Floor RWA Transfers	6.49B Off-Floor RWA Transfers
<i>To be deleted</i>	6.51A. Fines for Failure to Perform Certain Reporting Duties
<i>To be deleted</i>	6.53A Types order Formats
<i>To be deleted</i>	24.13 Trading Rotations
<i>To be deleted</i>	24A.11 FLEX Index Appointed Market-Maker Account Equity
<i>To be deleted</i>	24A.12 FLEX Appointed Market-Maker Financial Requirements

The proposed changes are of a non-substantive nature and will not amend the relocated rules other than to update their rule numbers, conform paragraph structure and number/lettering format to that of the shell Rulebook, and make cross-reference changes to shell rules.

The Exchange notes that the proposed change to incorporate the language under current Rule 6.11 into shell Rule 5.6(a) does not substantively change the current provision but updates it to streamline and simplify the language and the reflect shell rule text. Current Rule 6.11 states that after a class opens for trading, the System accepts for entry into the Book quotes of Market-Makers (including DPMs and LMMs) and orders of any origin in Hybrid classes. The proposed provision that relocates Rule 6.11 under shell Rule 5.6(a) states that after a class opens for trading pursuant to Rule 5.31 (the shell rule which will govern the opening auction process upon migration), the System accepts for entry into the Book orders and quotes with any Capacity. In other words, orders and quotes of any

Capacity will be eligible to enter the Book. The Exchange notes that this is substantively the same provision as the current provision because all classes currently trade on the System, and, pursuant to shell Rule 1.1, upon migration, the term “Capacity” will be used to reference what is referred to as “origin” in the currently effective rules.<sup>6</sup> Therefore, the proposed language merely simplifies and streamlines the current provision and updates terms to reflect terms in the shell Rulebook.

The proposed change also adds current Rule 6.23A(f), which governs mandatory systems testing for Trading Permit Holders, to shell Rule 5.5(d). The Exchange notes that SR-CBOE-2019-033<sup>7</sup> removed current Rule 6.23A, but did not incorporate it into the shell Rulebook in anticipation of migration. While that filing indicated that Rule 5.24 in the shell Rulebook covered the same provision as current Rule 6.23A(f), current Rule 6.23A(f) is broader than the required testing in shell Rule 5.24, which relates only to disaster recovery testing. Under current Rule 6.23A(f), the Exchange currently may require other types of testing, and therefore believes it is appropriate to maintain this provision in the shell Rulebook. The Exchange notes that proposed 5.5(d) will merely continue to govern mandatory system testing upon the October 7, 2019 migration in the same manner in which Rule 6.23A(f) currently governs mandatory systems testing, and therefore will not substantively alter nor have any impact on trading on the Exchange or on TPHs.

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<sup>6</sup> See shell Rule 1.1, which defines “quote” or “quotations” as a firm bid or offer a Market-Maker (a) submits electronically in an order or bulk message (including to update any bid or offer submitted in a previous order or bulk message) or (b) represents in open outcry on the trading floor.

<sup>7</sup> See Securities and Exchange Act Release No. 86374 (July 15, 2019), 84 FR 34963 (July 19, 2019) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to System Connectivity and Order Entry and Allocation Upon the Migration of the Exchange's Trading Platform to the Same System Used by the Cboe Affiliated Exchanges) (SR-CBOE-2019-033).

The proposed changes to remove certain rules are of a non-substantive nature because they delete rules that are redundant or not applicable as a result of other rules already in the shell Rulebook. The proposed rule change removes current Rule 6.53A, which covers order formats, as these formats relate solely to the Exchange's current system, and therefore will not be applicable on the new system following the technology migration and information regarding order formats is already available in technical specifications on the Exchange's website.<sup>8</sup> The proposed change removes current Rule 24.13, which describes trading rotations for index options because it is redundant of the opening process in shell Rule 5.31 (current Rule 6.2) which governs the opening auction process for both equity options and index options. Pursuant to current Rule 24.13, the Exchange may provide for the opening rotation to be conducted using the procedures described in current Rule 24.13 or current Rule 6.2 (shell Rule 5.31). The Exchange has provided for the opening rotation to be conducted using the procedures described in current Rule 6.2 (shell Rule 5.31). Additionally, the Exchange pursuant to current Rule 6.2 (proposed Rule 5.31) has authority to deviate from the opening rotation procedures, while Designated Primary Market-Makers ("DPMs") and Lead Market-Makers ("LMMs") do not. Therefore, deletion of current Rule 24.13 will have no impact on the opening of index options. Index options will continue to open for trading pursuant to the same process as other options as set forth in current Rule 6.2 (shell Rule 5.31).<sup>9</sup>

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<sup>8</sup> See Cboe US Options FIX Specifications (October 3, 2019), available at [http://cdn.cboe.com/resources/membership/US\\_Options\\_FIX\\_Specification.pdf](http://cdn.cboe.com/resources/membership/US_Options_FIX_Specification.pdf); and Cboe US Options BOE Specifications (October 3, 2019), available at [http://cdn.cboe.com/resources/membership/US\\_Options\\_BOE\\_Specification.pdf](http://cdn.cboe.com/resources/membership/US_Options_BOE_Specification.pdf).

<sup>9</sup> The Commission previously approved certain changes to the Exchange's opening trading process for

The proposed rule change removes Rule 6.51A because this Rule was deleted in 1992 and merely refers to current Rule 17.50 (shell Rule 13.15).<sup>10</sup> Finally, the proposed rule change deletes current Rule 24A.11, in connection with FLEX Index appointed Market-Maker account equity, and Rule 24A.12, in connection with FLEX Index appointed Market-Maker financial requirements, because the Exchange does not currently have any FLEX Appointed Market-Makers, and does not intend to have any following migration. In other rule filings, the Exchange previously deleted various current Rules related to FLEX Appointed Market-Makers, and inadvertently did not omit current Rules 24A.11 and 24A.22 in those rule filings.<sup>11</sup>

## 2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the “Act”) and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.<sup>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

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<sup>10</sup> Rule 13.15(g) of the shell Rulebook describes fines that may be imposed for failure to perform certain reporting duties. See, e.g., Rule 13.15(g)(4) (failure to submit trade information on time and failure to submit trade information to the price reporter).

<sup>11</sup> See Securities Exchange Act Release No. 87024 (September 19, 2019), 84 FR 50545 (September 25, 2019) (SR-CBOE-2019-059) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Certain Rules Relating To Market-Makers Upon Migration to the Trading System Used by Cboe Affiliated Exchanges); and SR-CBOE-2019-084 (filed October 2, 2019).

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

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

of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>14</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

As stated, the proposed rule change makes no substantive changes to the rules. The proposed rule change is merely intended to relocate the Exchange's rules to the shell Rulebook and update their numbers, paragraph structure, including number and lettering format, cross-references, and terms found in the shell Rules, as well as removing rules that are either redundant or no longer applicable to the Exchange, in order to conform to the shell Rulebook as a whole in anticipation of the technology migration on October 7, 2019. As such, the proposed rule change is designed to promote just and equitable principles of trade, 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, by improving the way the Exchange's Rulebook is organized, making it easier to read, and, particularly, helping market participants better understand the rules of the Exchange, which will also result in less burdensome and more efficient regulatory compliance.

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<sup>14</sup> Id.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange reiterates that the proposed rule change is being proposed in the context of a technology migration of the Exchange's system to the same technology platform as that used by the Cboe Affiliated Exchanges and a related reorganization of the Rulebook, and not as a competitive filing. The Exchange does not believe that the proposed rule change will impose any burden on intramarket competition because it deletes rules that are redundant or no longer applicable in light of the rules already in the shell Rulebook, will allow the provision that currently governs mandatory systems testing to continue to govern mandatory systems testing upon migration, and makes non-substantive changes to the rules by relocating the rules and updating their paragraph structure and cross-references, to conform to the shell Rulebook that will be in place come October 7, 2019. The Exchange does not believe that the proposed rule change will impose any burden on intermarket competition because the proposed rules are substantially the same as the Exchange's current rules, all of which have all been previously filed with the Commission.

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

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

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

Because the foregoing proposed rule change does not:



A. significantly affect the protection of investors or the public interest;

B. impose any significant burden on competition; and

C. become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>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-2019-095 on the subject line.

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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).

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-2019-095. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, D.C. 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-CBOE-2019-095 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>

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

Secretary

## EXHIBIT 5A

(additions are underlined; deletions are [bracketed])

\* \* \* \* \*

## Rules of Cboe Exchange, Inc.

(currently effective)

\* \* \* \* \*

[Rule 6.11.   Origins Eligible for Book Entry

After a class opens for trading, the System accepts for entry into the Book quotes of Market-Makers (including DPMs and LMMs) and orders of any origin in Hybrid classes.]

\* \* \* \* \*

[Rule 6.43. Manner of Bidding and Offering

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

\* \* \* \* \*

[Rule 6.49A.   Off-Floor Transfers of Positions

(a)   Permissible Off-Floor Transfers. Notwithstanding the prohibition set forth in Rule 6.49, the following transfers involving a Trading Permit Holder's positions may be effected off the Exchange:

- (1)   the dissolution of a joint account in which the remaining Trading Permit Holder assumes the positions of the joint account;
- (2)   the dissolution of a corporation or partnership in which a former nominee of the corporation or partnership assumes the positions;
- (3)   positions transferred as part of a Trading Permit Holder's capital contribution to a new joint account, partnership, or corporation;
- (4)   the donation of positions to a not-for-profit corporation;
- (5)   the transfer of positions to a minor under the Uniform Gifts to Minors Act; or

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

(b) 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 6.49, on his or her own motion or upon application of the Transferor, 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 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.]

[Rule 6.49B. Off-Floor RWA Transfers

Notwithstanding Rule 6.49, existing positions in options listed on the Exchange of a Trading Permit Holder or non-Trading Permit Holder (including an affiliate of a Trading Permit Holder) may be transferred on, from, or to the books of a Clearing Trading Permit Holder off the Exchange if the transfer establishes a net reduction of risk-weighted assets attributable to those the Trading Permit Holder or non-Trading Permit Holder's options positions (an "RWA Transfer").

(a) RWA Transfers include, but are not limited to: (1) a transfer of options positions from Clearing Corporation member A to Clearing Corporation member B that net (offset) with positions held at Clearing Corporation member B, and thus closes all or part of those positions, and (2) a transfer of positions from a bank-affiliated Clearing Corporation member to a non-bank-affiliated Clearing Corporation member.

(b) RWA Transfers may occur on a routine, recurring basis.

(c) RWA Transfers may result in the netting of positions.

(d) No RWA Transfer may result in preferential margin or haircut treatment.

(e) No RWA Transfer may result in a change in ownership (i.e., an RWA transfer must occur between accounts of the same Person (as defined in Rule 1.1)).

(f) No prior written notice to the Exchange is required for RWA Transfers.

(g) Off-floor transfers of positions in Exchange-listed options may 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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[Rule 6.51A. Fines for Failure to Perform Certain Reporting Duties

Deleted February 13, 1992.

See Rule 17.50.]

\* \* \* \* \*

[Rule 6.53A. Types of Order Formats

Trading Permit Holders shall submit orders using the following order format(s):

(i) Order Format 1. All orders submitted to Cboe Options shall be submitted using message type “Order Format 1.” Order Format 1 orders must pass through various processes, including validation checks in the trade engine, before execution, entry into the book, cancellation, or routing for manual handling. Order Format 1 supports all order types, including auction responses.

(ii) Reserved.]

\* \* \* \* \*

[Rule 24.13. Trading Rotations

The opening rotation for index options shall be held at or as soon as practicable after 8:30 a.m. (CT) for Regular Trading Hours and at or as soon as practicable after 2:00 a.m. (CT) for Global Trading Hours. Except as the Exchange may direct, opening rotations shall be conducted in the order and manner the DPM or LMM acting in such class of options determines to be appropriate under the circumstances. The Exchange may provide for the opening rotation to be conducted using the procedures as described in this Rule 24.13 or in Rule 6.2. The DPM or LMM, with the approval of two Floor Officials, may deviate from any rotation policy or procedure issued by the Exchange when they conclude in their judgment that such action is appropriate in the interests of a fair and orderly market.

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

.01 Rule 24.13 sets forth particularized procedures relating to trading in index options during opening rotation. Procedures relating to closing rotations in expiring index options series are set forth in Rule 6.2.

.02 The commencement of the opening rotation in an index option may be delayed whenever in the judgment of two Floor Officials such action is appropriate in the interests of a fair and orderly market. Among the factors that may be considered by the Floor Officials are: (i) unusual conditions or circumstances in other markets; (ii) an influx of orders that has adversely affected the ability of the Market-Makers to provide and to maintain fair and orderly markets; (iii) activation of opening price limits in stock index futures on one or more futures exchanges; (iv) activation of daily price limits in stock index futures on one or more futures exchanges; (v) the extent to which either there has been a delay in opening or trading is not occurring in stocks underlying the index; (vi) circumstances such as those which would result in the declaration of a fast market under Rule 6.6.]

\* \* \* \* \*

[Rule 24A.11. FLEX Index Appointed Market-Maker Account Equity

No FLEX Index Appointed Market-Maker shall effect any FLEX Index Option transaction unless the FLEX Index Appointed Market-Maker has demonstrated, to the satisfaction of the Exchange, that the net liquidating equity maintained in the FLEX Index Appointed Market-Maker's individual or joint accounts, with any one Clearing Trading Permit Holder in which transactions in FLEX Index Options will be conducted is at least \$100,000. Joint account equity may not be combined with the FLEX Index Appointed Market-Maker's individual account equity for this purpose unless the participants in the joint account and in the individual accounts all trade for the same broker-dealer through those accounts. Failure to remain in compliance with the foregoing requirements shall be grounds for suspension or termination of a FLEX Index Appointed Market-Maker's authorization to effect transactions in any class of FLEX Index Options, except for closing transactions and except as otherwise determined by the Exchange in unusual circumstances. A FLEX Index Appointed Market-Maker or its Clearing Trading Permit Holder, as applicable, shall inform the Exchange immediately whenever the FLEX Index Appointed Market-Maker ceases to remain in compliance with these requirements.]

[Rule 24A.12. FLEX Index Appointed Market-Maker Financial Requirements

A FLEX Index Appointed Market-Maker shall be required to maintain at least \$1.0 million net liquidating equity and/or \$1.0 million net capital, as applicable. As used herein, the term "net capital" shall mean a net capital amount computed in accordance with the requirements of Rule 15c3-1 under the Exchange Act. A FLEX Index Appointed Market-Maker or its Clearing Trading Permit Holder, as applicable, shall immediately inform the Exchange whenever the FLEX Index Appointed Market-Maker fails to be in compliance with such requirements. The Exchange may waive the financial requirements of this Rule 24A.12 in unusual circumstances.]

\* \* \* \* \*

## EXHIBIT 5B

(additions are underlined; deletions are [bracketed])

\* \* \* \* \*

Rules of Cboe Exchange, Inc.

(Effective October 7, 2019)

\* \* \* \* \*

**Rule 5.3. Bids and Offers**

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

\* \* \* \* \*

**Rule 5.5. System Access and Connectivity**

(a)-(c) No change.

(d) Mandatory Systems Testing.

(1) Each Trading Permit Holder that the Exchange designates as required to participate in a system test must conduct or participate in the testing of its computer systems to ascertain the compatibility of such systems with the System in the manner and frequency prescribed by the Exchange. The Exchange will designate Trading Permit Holders as required to participate in a system test based on:

(A) the category of the Trading Permit Holder (e.g. Floor Broker, DPM, Market-Maker);

(B) the computer system(s) the Trading Permit Holder uses; and

(C) the manner in which the Trading Permit Holder connects to the System.

The Exchange will give Trading Permit Holders reasonable notice of any mandatory systems test, which notice will specify the nature of the test and Trading Permit Holders' obligations in participation in the test.

(2) Every Trading Permit Holder required by the Exchange to conduct or participate in testing of computer systems shall provide to the Exchange such reports relating to the testing as the Exchange may prescribe. Trading Permit Holders shall maintain adequate



documentation of tests required by this Rule and results of such testing for examination by the Exchange.

(3) A Trading Permit Holder that is subject to this Rule, and that fails to conduct or participate in the tests, fails to file the required reports, or fails to maintain the required documentation, may be subject to summary suspension or other action taken pursuant to Chapter 12 (Summary Suspension) and/or disciplinary action pursuant to Chapter 13 (Discipline).

## **Rule 5.6. Order Types, Order Instructions, and Times-in-Force**

(a) *Availability.* Unless otherwise specified in the Rules or the context indicates otherwise, the Exchange determines which of the following order types, Order Instructions, and Times-in-Force are available on a class, system, or trading session basis. After a class opens for trading pursuant to Rule 5.31, the System accepts for entry into the Book orders and quotes with any Capacity. Rule 5.30 sets forth order types, Order Instructions, and Times-in-Force the Exchange may make available for electronic trading during each trading session. An Order Instruction or Time-in-Force applied to a bulk message applies to each bid and offer within that bulk message. All order types, Order Instructions, and Times-in-Force the Exchange makes available in an All Sessions class for RTH electronic trading are available in that class for GTH electronic trading, except as otherwise specified in the Rules. Rule 5.82 sets forth order types, Order Instructions, and Times-in-Force the Exchange may make available for PAR routing (and open outcry trading). Rule 5.33 sets forth the order types, Order Instructions, and Times-in-Force the Exchange may make available for complex orders.

\* \* \* \* \*

## **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 positions may be effected off the Exchange:

- (1) the dissolution of a joint account in which the remaining Trading Permit Holder assumes the positions of the joint account;
- (2) the dissolution of a corporation or partnership in which a former nominee of the corporation or partnership assumes the positions;
- (3) positions transferred as part of a Trading Permit Holder's capital contribution to a new joint account, partnership, or corporation;
- (4) the donation of positions to a not-for-profit corporation;
- (5) the transfer of positions to a minor under the Uniform Gifts to Minors Act; or
- (6) a merger or acquisition where continuity of ownership or management results.

(b) *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, 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 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.

#### **Rule 6.8. Off-Floor RWA Transfers**

Notwithstanding Rule 5.12, existing positions in options listed on the Exchange of a Trading Permit Holder or non-Trading Permit Holder (including an affiliate of a Trading Permit Holder) may be transferred on, from, or to the books of a Clearing Trading Permit Holder off the Exchange if the transfer establishes a net reduction of risk-weighted assets attributable to those the Trading Permit Holder or non-Trading Permit Holder's options positions (an "RWA Transfer").

(a) RWA Transfers include, but are not limited to: (1) a transfer of options positions from Clearing Corporation member A to Clearing Corporation member B that net (offset) with positions held at Clearing Corporation member B, and thus closes all or part of those positions, and (2) a transfer of positions from a bank-affiliated Clearing Corporation member to a non-bank-affiliated Clearing Corporation member.

(b) RWA Transfers may occur on a routine, recurring basis.

(c) RWA Transfers may result in the netting of positions.

(d) No RWA Transfer may result in preferential margin or haircut treatment.

(e) No RWA Transfer may result in a change in ownership (i.e., an RWA transfer must occur between accounts of the same Person (as defined in Rule 1.1)).

(f) No prior written notice to the Exchange is required for RWA Transfers.

(g) Off-floor transfers of positions in Exchange-listed options may 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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