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

File No.* SR - 2019 - * 125

Amendment No. (req. for Amendments *)

Filing by Cboe Exchange, Inc.

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

Initial * ☑ Amendment * ☐ Withdrawal ☐

Section 19(b)(2) * ☐ Section 19(b)(3)(A) * ☑ Section 19(b)(3)(B) * ☐

Pilot ☐

Extension of Time Period for Commission Action * ☐

Date Expires *

Rule

☐ 19b-4(f)(1)
☑ 19b-4(f)(2)
☐ 19b-4(f)(3)
☐ 19b-4(f)(4)
☐ 19b-4(f)(5)
☐ 19b-4(f)(6)

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

Section 806(e)(1) * ☐ Section 806(e)(2) * ☐

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

Section 3C(b)(2) * ☐

Exhibit 2 Sent As Paper Document ☐

Exhibit 3 Sent As Paper Document ☐

Description

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

The Exchange proposes to amend the Silexx trading platform (“Silexx” or the “platform”) Fees Schedule.

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 * Sarah
Last Name * Tadtman
Title * Counsel
E-mail * stadtman@cboe.com
Telephone * (913) 815-7203
Fax

Signature

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

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

Date 12/18/2019

By Sarah Tadtman

(Name *)

(Title *)

Counsel

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

agriffiths@cboe.com

Required fields are shown with yellow backgrounds and asterisks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information * Add Remove View	The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.
Exhibit 1 - Notice of Proposed Rule Change * Add Remove View	The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO] -xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies * Add Remove View	The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO] -xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications Add Remove View Exhibit Sent As Paper Document ☐	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 Add Remove View 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 Add Remove View	The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.
Exhibit 5 - Proposed Rule Text Add Remove View	The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.
Partial Amendment Add Remove View	If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

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

(a) Cboe Exchange, Inc. (the "Exchange" or "Cboe Options") proposes to amend the Silexx trading platform ("Silexx" or the "platform") Fees Schedule. 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) approved the proposed rule change on December 2, 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 Sarah Tadtman, (913) 815-7203, Counsel.

Item 3. **Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change**

(a) Purpose

The purpose of this filing is to amend the Silexx Fees Schedule to adopt a new "drop copy" fee.[1]

By way of background, the Silexx platform consists of a "front-end" order entry and management trading platform (also referred to as the "Silexx terminal") for listed

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1 The Exchange initially filed the proposed fee changes on December 2, 2019 (SR-CBOE-2019-113). On December 12, 2019, the Exchange withdrew that filing and refiled the proposed fee changes (SR-CBOE-2019-121).On December 18, 2019 the Exchange withdrew that filing and submitted this filing (SR-CBOE-2019-125).

stocks and options that supports both simple and complex orders,[2] and a "back-end" platform which provides a connection to the infrastructure network. From the Silexx platform (i.e., the collective front-end and back-end platform), a Silexx user has the capability to send option orders to U.S. options exchanges, send stock orders to U.S. stock exchanges (and other trading centers), input parameters to control the size, timing, and other variables of their trades, and also includes access to real-time options and stock market data, as well as access to certain historical data. The Silexx platform is designed so that a user may enter orders into the platform to send to an executing broker (including Trading Permit Holders ("TPHs")) of its choice with connectivity to the platform, which broker will then send the orders to Cboe Options (if the broker is a TPH) or other U.S. exchanges (and trading centers) in accordance with the user's instructions.[3] The Silexx front-end and back-end platforms are a software application that are installed locally on a user's desktop. Silexx grants users licenses to use the platform, and a firm or individual does not need to be a TPH to license the platform. Use of Silexx is completely optional.

In an effort to integrate Silexx and the PULSe drop copy network, the Exchange established a method by which a TPH or non-TPH market participant may connect to the Silexx back-end platform through a third-party terminal (i.e., a front-end platform other than a Silexx or PULSe terminal. Such a TPH or non-TPH market participant is

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[2] The platform also permits users to submit orders for commodity futures, commodity options and other non-security products to be sent to designated contract markets, futures commission merchants, introducing brokers or other applicable destinations of the users' choice.

[3] Silexx does not allow users to send orders directly to the Exchange or other market centers; however, an additional version of the Silexx platform, Silexx FLEX, supports the trading of FLEX Options and allows authorized Users with direct access to the Exchange. See Securities Exchange Act Release No. 87028 (September 19, 2019) 84 FR 50529 (September 25, 2019) (SR-CBOE-2019-061).

hereinafter referred to as a "Silexx integrated partner"). Specifically, such a Silexx integrated partner may access the Silexx back-end platform through a third-party front-end which will only provide the Silexx integrated partner with access to the PULSe drop copy network via a Financial Information eXchange ("FIX") hub.[4] FIX is an industry-standard, non-proprietary application program interface ("API") that permits market participants to connect to exchanges. FIX language-based connectivity, upon request, provides customers (both TPHs and non-TPHs) of TPHs that are brokers and PULSe[5] users ("PULSe brokers") with the ability to receive "drop copy" order fill messages from their PULSe brokers. These fill messages allow customers to update positions, risk calculations, and streamline back-office functions.

As a result of the recent integration between Silexx and the PULSe drop copy network, Silexx front-end users and Silexx integrated partners have access to the PULSe drop copy network. Therefore, both Silexx users and Silexx integrated partners may send notice execution messages to the PULSe drop copy network, who will then forward such messages (i.e., drop copies) on to a PULSe or Silexx-user customer (the "customer") for which it has a connection. The Exchange proposes to adopt a fee applicable to the Silexx integrated partner, given this new functionality, which would allow a customer to receive drop copies via the PULSe drop copy network from a non-PULSe, non-Silexx terminal

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4 The Exchange notes that a Silexx integrated partner will have no access to Silexx front-end platform functionality. A Silexx integrated partner will only have access to the back-end platform, which provides connectivity to the PULSe drop copy network through a FIX hub.

5 The PULSe workstation is a front-end order entry system designed for use with respect to orders that may be sent to the trading systems of the Exchange. TPHs may make PULSe workstations available to their customers, which may include TPHs, non-broker dealer public customers, and non-TPH broker dealers.

(i.e., a Silexx integrated partner). Particularly, the Exchange proposes to adopt a fee of $500 per month for each customer connection to which a Silexx integrated partner will submit drop copies from non-PULSe, non-Silexx terminals. At this time, the Exchange proposes no fee to the customer receiving the drop copies from the Silexx integrated partner. To illustrate the manner in which the fee would be assessed, consider the following examples.

Example #1

Consider a PULSe or Silexx user (the "customer") sends its order to a Silexx integrated partner that is also a TPH (the "Silexx integrated TPH") for execution via a third-party front-end platform (i.e., a terminal other than Silexx or PULSe). The Silexx integrated TPH then submits the order to the Exchange or another market center through its own third-party front-end system. Under the new functionality, for a $500/month fee the Silexx integrated TPH may establish a connection to the Silexx back-end platform which will provide connectivity to the PULSe drop copy network and allow the Silexx integrated TPH to send fill messages back to its customer. The connection fee would be assessed to the Silexx integrated TPH on a per customer connection basis.[6]

Example #2

Consider a PULSe or Silexx user (the "customer") sends its order to a Silexx integrated partner that is a non-TPH (the "Silexx integrated non-TPH") for execution via

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6 The Exchange notes that the Silexx integrated TPH must establish a connection for each applicable customer to receive drop copies via the PULSe drop copy network. Thus, the fee is applied on a per customer or per connection basis. For example, if a Silexx integrated TPH has two customers that receive drop copies via the PULSe drop copy network, the Silexx integrated TPH would be assessed a monthly fee of $1,000 ($500 x 2).

a third-party front-end platform (i.e., a terminal other than Silexx or PULSe). The Silexx integrated non-TPH then submits the order to another market center (or to the Exchange through a third-party TPH) through its own front-end system. Under the new functionality, for a $500/month fee the Silexx integrated non-TPH may establish a connection to the Silexx back-end platform which will provide connectivity to the PULSe drop copy network and allow the Silexx integrated non-TPH to send fill messages back to its customer. The connection fee would be assessed to the Silexx integrated non-TPH on a per customer connection basis.[7]

(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.[8] Specifically, the Exchange believes the proposed rule change is consistent with Section 6(b)(4) of the Act,[9] which requires that Exchange rules provide for the equitable allocation of reasonable dues, fees, and other charges among its Trading Permit Holders and other persons using its facilities and does not unfairly discriminate between customers, issuers, brokers or dealers.

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[7] The Exchange notes that the Silexx integrated non-TPH must establish a connection for each applicable customer to receive drop copies via the PULSe drop copy network. Thus, the fee is applied on a per customer or per connection basis. For example, if a Silexx integrated non-TPH has two customers that receive drop copies via the PULSe drop copy network, the Silexx integrated non-TPH would be assessed a monthly fee of $1,000 ($500 x 2).

[8] 15 U.S.C. 78f(b).

[9] 15 U.S.C. 78f(b)(4).

The Exchange believes that the proposed fee is reasonable as it is similar to other established PULSe fees related to drop-copy functionality.[10] For example, the PULSe Fees Schedule provides for a drop copy fee of $425 per month payable by the TPH customer receiving the drop copies. Specifically, for each PULSe-using TPH broker that provides a TPH customer drop copies, such receiving TPH customer incurs a fee of $425 per month. Similarly, the PULSe Fees schedule provides for a drop copy fee of $0.02/contract (capped at $400 per month) payable by the TPH sending the drop copies to its non-TPH customers. Specifically, for each non-TPH PULSe-using customer for which a TPH broker provides drop copies, the TPH broker incurs a fee of $0.02/contract (capped at $400 per month). The proposed fee is slightly higher than the comparable PULSe fees because Silexx Integrated Partners are paying no additional fees, such as a PULSe or Silexx terminal fee.

Additionally, the proposed fee would support the introduction of a new drop copy functionality that provides an alternative means for customers to receive their fill messages. Particularly, the new drop copy functionality provides a Silexx integrated partner with the ability to leverage the existing infrastructure of the PULSe drop copy network, which provides customers with the ability to receive valuable information about transactions executed across the market place. By utilizing the existing infrastructure, customers already connected to the PULSe drop copy network may experience cost savings by eliminating the need to connect to another platform to receive drop copies. Further, customers will not be charged an additional fee to receive such drop copies via the PULSe drop copy network. Additionally, Silexx integrated partners may experience

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10 See e.g., PULSe Fees Schedule drop copy fees.

lower fees than those of competitor providers charging for drop copies. As noted above, the drop copy fill messages allow customers to update positions, risk calculations, and streamline back-office functions. The Exchange notes that the decision as to whether or not to utilize the PULSe drop copy network is entirely optional for all users.

The Exchange believes that assessing the proposed fee to Silexx integrated partners using non-PULSe, non-Silexx terminals is equitable and not unfairly discriminatory as PULSe and Silexx terminal users already pay monthly fees related to the use of such workstations and access to the PULSe drop copy network. The Exchange believes the fee is equitable and not unfairly discriminatory because the monthly fee is assessed uniformly to any market participant who sends drop copies through the PULSe drop copy network from non-PULSe, non-Silexx terminals. Further, the Exchange believes the fee is equitable and not unfairly discriminatory because, as discussed above, the fee is similar to fees assessed to PULSe users utilizing the PULSe drop copy network.

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

Cboe Options 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 does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the proposed drop copy fee is assessed equally to similarly situated Silexx integrated TPHs or non-TPHs electing to use the drop copy functionality.

The Exchange does not believe that the proposed change will cause any unnecessary burden on intermarket competition because the proposed fee relates to the use of an Exchange-supported order entry management system. To the extent that any proposed change makes Silexx a more attractive platform for market participants, such market participants are welcome to become Silexx users or Silexx integrated partners.

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 the Act[11] and Rule 19b-4(f)(2)[12] thereunder.

(b) The Exchange designates that the proposed rule change establishes or changes a due, fee, or other charge imposed by the Exchange, which renders the proposed rule change effective upon filing with the Securities and Exchange Commission (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

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[11] 15 U.S.C. 78s(b)(3)(A).

[12] 17 CFR 240.19b-4(f)(2).

Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

(c) Not applicable.

(d) Not applicable.

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

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

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

Not applicable.

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

Not applicable.

Item 11. Exhibits

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

Exhibit 5. Proposed rule text.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-   ; File No. SR-CBOE-2019-125]

[Insert date]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Amend the Silexx Trading Platform ("Silexx" or the "Platform") Fees Schedule

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),[1] and Rule 19b-4 thereunder,[2] notice is hereby given that on [insert date], Cboe Exchange, Inc. (the "Exchange" or "Cboe Options") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The 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 the Silexx trading platform ("Silexx" or the "platform") Fees Schedule. 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.

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

II. <u>Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change</u>

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 purpose of this filing is to amend the Silexx Fees Schedule to adopt a new "drop copy" fee.[3]

By way of background, the Silexx platform consists of a "front-end" order entry and management trading platform (also referred to as the "Silexx terminal") for listed stocks and options that supports both simple and complex orders,[4] and a "back-end" platform which provides a connection to the infrastructure network. From the Silexx platform (i.e., the collective front-end and back-end platform), a Silexx user has the capability to send option orders to U.S. options exchanges, send stock orders to U.S. stock exchanges (and other trading centers), input parameters to control the size, timing,

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3 The Exchange initially filed the proposed fee changes on December 2, 2019 (SR-CBOE-2019-113). On December 12, 2019, the Exchange withdrew that filing and refiled the proposed fee changes (SR-CBOE-2019-121).On December 18, 2019 the Exchange withdrew that filing and submitted this filing (SR-CBOE-2019-125).

4 The platform also permits users to submit orders for commodity futures, commodity options and other non-security products to be sent to designated contract markets, futures commission merchants, introducing brokers or other applicable destinations of the users' choice.

and other variables of their trades, and also includes access to real-time options and stock market data, as well as access to certain historical data. The Silexx platform is designed so that a user may enter orders into the platform to send to an executing broker (including Trading Permit Holders ("TPHs")) of its choice with connectivity to the platform, which broker will then send the orders to Cboe Options (if the broker is a TPH) or other U.S. exchanges (and trading centers) in accordance with the user's instructions.[5] The Silexx front-end and back-end platforms are a software application that are installed locally on a user's desktop. Silexx grants users licenses to use the platform, and a firm or individual does not need to be a TPH to license the platform. Use of Silexx is completely optional.

In an effort to integrate Silexx and the PULSe drop copy network, the Exchange established a method by which a TPH or non-TPH market participant may connect to the Silexx back-end platform through a third-party terminal (i.e., a front-end platform other than a Silexx or PULSe terminal. Such a TPH or non-TPH market participant is hereinafter referred to as a "Silexx integrated partner"). Specifically, such a Silexx integrated partner may access the Silexx back-end platform through a third-party front-end which will only provide the Silexx integrated partner with access to the PULSe drop copy network via a Financial Information eXchange ("FIX") hub.[6] FIX is an industry-standard, non-proprietary application program interface ("API") that permits market

5 Silexx does not allow users to send orders directly to the Exchange or other market centers; however, an additional version of the Silexx platform, Silexx FLEX, supports the trading of FLEX Options and allows authorized Users with direct access to the Exchange. See Securities Exchange Act Release No. 87028 (September 19, 2019) 84 FR 50529 (September 25, 2019) (SR-CBOE-2019-061).

6 The Exchange notes that a Silexx integrated partner will have no access to Silexx front-end platform functionality. A Silexx integrated partner will only have access to the back-end platform, which provides connectivity to the PULSe drop copy network through a FIX hub.

participants to connect to exchanges. FIX language-based connectivity, upon request, provides customers (both TPHs and non-TPHs) of TPHs that are brokers and PULSe[7] users ("PULSe brokers") with the ability to receive "drop copy" order fill messages from their PULSe brokers. These fill messages allow customers to update positions, risk calculations, and streamline back-office functions.

As a result of the recent integration between Silexx and the PULSe drop copy network, Silexx front-end users and Silexx integrated partners have access to the PULSe drop copy network. Therefore, both Silexx users and Silexx integrated partners may send notice execution messages to the PULSe drop copy network, who will then forward such messages (i.e., drop copies) on to a PULSe or Silexx-user customer (the "customer") for which it has a connection. The Exchange proposes to adopt a fee applicable to the Silexx integrated partner, given this new functionality, which would allow a customer to receive drop copies via the PULSe drop copy network from a non-PULSe, non-Silexx terminal (i.e., a Silexx integrated partner). Particularly, the Exchange proposes to adopt a fee of $500 per month for each customer connection to which a Silexx integrated partner will submit drop copies from non-PULSe, non-Silexx terminals. At this time, the Exchange proposes no fee to the customer receiving the drop copies from the Silexx integrated partner. To illustrate the manner in which the fee would be assessed, consider the following examples.

<u>Example #1</u>

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[7] The PULSe workstation is a front-end order entry system designed for use with respect to orders that may be sent to the trading systems of the Exchange. TPHs may make PULSe workstations available to their customers, which may include TPHs, non-broker dealer public customers, and non-TPH broker dealers.

Consider a PULSe or Silexx user (the "customer") sends its order to a Silexx integrated partner that is also a TPH (the "Silexx integrated TPH") for execution via a third-party front-end platform (i.e., a terminal other than Silexx or PULSe). The Silexx integrated TPH then submits the order to the Exchange or another market center through its own third-party front-end system. Under the new functionality, for a $500/month fee the Silexx integrated TPH may establish a connection to the Silexx back-end platform which will provide connectivity to the PULSe drop copy network and allow the Silexx integrated TPH to send fill messages back to its customer. The connection fee would be assessed to the Silexx integrated TPH on a per customer connection basis.[8]

Example #2

Consider a PULSe or Silexx user (the "customer") sends its order to a Silexx integrated partner that is a non-TPH (the "Silexx integrated non-TPH") for execution via a third-party front-end platform (i.e., a terminal other than Silexx or PULSe). The Silexx integrated non-TPH then submits the order to another market center (or to the Exchange through a third-party TPH) through its own front-end system. Under the new functionality, for a $500/month fee the Silexx integrated non-TPH may establish a connection to the Silexx back-end platform which will provide connectivity to the PULSe drop copy network and allow the Silexx integrated non-TPH to send fill messages back to

[8] The Exchange notes that the Silexx integrated TPH must establish a connection for each applicable customer to receive drop copies via the PULSe drop copy network. Thus, the fee is applied on a per customer or per connection basis. For example, if a Silexx integrated TPH has two customers that receive drop copies via the PULSe drop copy network, the Silexx integrated TPH would be assessed a monthly fee of $1,000 ($500 x 2).

its customer. The connection fee would be assessed to the Silexx integrated non-TPH on a per customer connection basis.[9]

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.[10] Specifically, the Exchange believes the proposed rule change is consistent with Section 6(b)(4) of the Act,[11] which requires that Exchange rules provide for the equitable allocation of reasonable dues, fees, and other charges among its Trading Permit Holders and other persons using its facilities and does not unfairly discriminate between customers, issuers, brokers or dealers.

The Exchange believes that the proposed fee is reasonable as it is similar to other established PULSe fees related to drop-copy functionality.[12] For example, the PULSe Fees Schedule provides for a drop copy fee of $425 per month payable by the TPH customer receiving the drop copies. Specifically, for each PULSe-using TPH broker that provides a TPH customer drop copies, such receiving TPH customer incurs a fee of $425 per month. Similarly, the PULSe Fees schedule provides for a drop copy fee of

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9 The Exchange notes that the Silexx integrated non-TPH must establish a connection for each applicable customer to receive drop copies via the PULSe drop copy network. Thus, the fee is applied on a per customer or per connection basis. For example, if a Silexx integrated non-TPH has two customers that receive drop copies via the PULSe drop copy network, the Silexx integrated non-TPH would be assessed a monthly fee of $1,000 ($500 x 2).

10 15 U.S.C. 78f(b).

11 15 U.S.C. 78f(b)(4).

12 <u>See e.g.</u>, PULSe Fees Schedule drop copy fees.

$0.02/contract (capped at $400 per month) payable by the TPH sending the drop copies to its non-TPH customers. Specifically, for each non-TPH PULSe-using customer for which a TPH broker provides drop copies, the TPH broker incurs a fee of $0.02/contract (capped at $400 per month). The proposed fee is slightly higher than the comparable PULSe fees because Silexx Integrated Partners are paying no additional fees, such as a PULSe or Silexx terminal fee.

Additionally, the proposed fee would support the introduction of a new drop copy functionality that provides an alternative means for customers to receive their fill messages. Particularly, the new drop copy functionality provides a Silexx integrated partner with the ability to leverage the existing infrastructure of the PULSe drop copy network, which provides customers with the ability to receive valuable information about transactions executed across the market place. By utilizing the existing infrastructure, customers already connected to the PULSe drop copy network may experience cost savings by eliminating the need to connect to another platform to receive drop copies. Further, customers will not be charged an additional fee to receive such drop copies via the PULSe drop copy network. Additionally, Silexx integrated partners may experience lower fees than those of competitor providers charging for drop copies. As noted above, the drop copy fill messages allow customers to update positions, risk calculations, and streamline back-office functions. The Exchange notes that the decision as to whether or not to utilize the PULSe drop copy network is entirely optional for all users.

The Exchange believes that assessing the proposed fee to Silexx integrated partners using non-PULSe, non-Silexx terminals is equitable and not unfairly discriminatory as PULSe and Silexx terminal users already pay monthly fees related to the use of such workstations and access to the PULSe drop copy network. The Exchange believes the fee is equitable and not unfairly discriminatory because the monthly fee is assessed uniformly to any market participant who sends drop copies through the PULSe drop copy network from non-PULSe, non-Silexx terminals. Further, the Exchange believes the fee is equitable and not unfairly discriminatory because, as discussed above, the fee is similar to fees assessed to PULSe users utilizing the PULSe drop copy network.

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

Cboe Options 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 does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the proposed drop copy fee is assessed equally to similarly situated Silexx integrated TPHs or non-TPHs electing to use the drop copy functionality.

The Exchange does not believe that the proposed change will cause any unnecessary burden on intermarket competition because the proposed fee relates to the use of an Exchange-supported order entry management system. To the extent that any proposed change makes Silexx a more attractive platform for market participants, such market participants are welcome to become Silexx users or Silexx integrated partners.

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. <u>Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action</u>

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act[13] and paragraph (f) of Rule 19b-4[14] 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. <u>Solicitation of Comments</u>

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:

<u>Electronic comments:</u>

- Use the Commission's Internet comment form (http://www.sec.gov/rules/sro.shtml); or
- Send an e-mail to rule-comments@sec.gov. <u>Please include File Number SR-CBOE-2019-125 on the subject line.</u>

<u>Paper comments</u>:

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

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13 15 U.S.C. 78s(b)(3)(A).

14 17 CFR 240.19b-4(f).

All submissions should refer to File Number SR-CBOE-2019-125. 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-2019-125 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.[15]

Secretary

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[15] 17 CFR 200.30-3(a)(12).

EXHIBIT 5

(Additions are underlined; deletions are [bracketed])

Cboe Exchange, Inc.

Silexx Fees Schedule

(as of [October 7] December 18, 2019)

* * * * *

Silexx Platform Version	**Fee Per Month Per Login ID**	**Notes**
Basic	$200	This fee is payable by the user that licenses the platform. Proprietary buy-side firms (e.g. mutual funds, pension funds, and insurance funds) with 25 or more login IDs receive a 15% discount on platform fees (including platform monthly fee and fees for additional functionality for platforms, excluding firms with dedicated instances of the platform). If a user signs up for a Login ID on any version of the Silexx Platform after the first calendar day of the month, the fee for that calendar month is prorated based on the remaining calendar days in that calendar month. This fee is waived for the first month for any new user firm.
Pro	$400	
Sell-Side	$475	
Pro Plus Risk	$600	
Buy-Side Manager	$300	
FLEX	$0.00	

Additional Functionality for Platforms	**Fee**	**Notes**
API	$200/month/login ID	This fee is payable by the user that licenses the platform.
Crossing	$300/month/login ID	This fee is payable by the user that licenses the platform.
Port	$100/month/login ID	This fee is payable by the user that licenses the platform.
Staged Orders, Drop Copies, and Order Routing Functionality for FIX Connections (Sessions)	$250/month/FIX Connection	This fee is payable by the user that licenses the platform.
Staged Orders, Drop Copies, and Order Routing Functionality for FIX Connections (Sessions) Using Third-Party FIX Router	$500/month/FIX Connection	This fee is payable by the user that licenses the platform.
PULSe Routing Network via Silexx	$500/month/customer connection	This fee is payable by the trading firm accessing the PULSe Drop Copy Network from a non-PULSe, Non-Silexx workstation for its customers' drop copies .
Equity Order Reports	$250/month/trading firm	This fee is payable by the trading firm for reports related to its own and its customers' executions.
Domextic Index Data Package	$25/user/month	

Market Data Feeds (excluding feeds included in Domestic Index Data Package)	Actual costs passed through to user	Costs will be determined on a time (per hour) and materials basis.
Customized Functionality and/or Connectivity	Actual costs passed through to user	Costs will be determined on a time (per hour) and materials basis.
Dedicated Instance Fees	**Fee**	**Notes**
Dedicated Instance	$20,000/month	These fees are payable by the client firm that obtains the dedicated instance of the Silexx platform.
Market Center Support	$1,000/market center/month	
Dedicated Feed Handler	$2,000/handler/month	
Bloomberg Backoffice Integration	$1,000/month	
Pro Plus API User	$250/user/month	
CME STP	$1,500/month	
FIX International Connection (Session)	$1,500/month	
Additional Site	$6,500/month	

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