

OMB APPROVAL

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Page 1 of * 22

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

File No.* SR - 2019 - * 127

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) *



Rule

Pilot



Extension of Time Period
for Commission Action *



Date Expires *

☐ 19b-4(f)(1)

☐ 19b-4(f)(4)

☒ 19b-4(f)(2)

☐ 19b-4(f)(5)

☐ 19b-4(f)(3)

☐ 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 a rule change to adopt certain linkage fee codes.

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 * Rebecca

Last Name * Tenuta

Title * Counsel

E-mail * rtenuta@cboe.com

Telephone * (312) 786-7068

Fax

Signature

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

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

(Title *)

Date 12/20/2019

By Rebecca Tenuta

(Name *)

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.

rtenuta@cboe.com

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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 *

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

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

Add Remove View

Exhibit Sent As Paper Document

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

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

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

Exhibit 4 - Marked Copies

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

Exhibit 5 - Proposed Rule Text

Add Remove View

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

Partial Amendment

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 adopt certain linkage fee codes. 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 December 19, 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 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

The Exchange’s Fees Schedule currently provides for fee codes for Routing Fees. In particular, the Fees Schedule currently lists fee codes and their corresponding transaction fee for routed Customer orders to other options exchanges specifically in Exchange Traded Funds (“ETF”) and equity options, and for non-Customer orders routed in Penny and Non-Penny options classes. The Exchange notes that in connection with a recent technology migration (including the migration of the Exchange’s billing system to a new billing system), the Exchange amended and updated a majority of its Fees Schedule,¹ which became effective

¹ See Securities and Exchange Act Release No. 87495 (November 8, 2019), 84 FR 63701 (November 18, 2019) (SR-CBOE-2019-106).

upon the technology migration.² Prior to the migration-related amendments and updates, the Fees Schedule had provided for a general transaction fee assessed for all routed Customer orders in all options classes. More specifically, it had provided that for Customer orders, in addition to the customary Cboe Options execution charges for each Customer order that is routed, the Exchange passed through the actual transaction fee assessed by the exchange(s) to which the order was routed plus an additional \$0.15 per contract.

In light of the migration, the Exchange amended, among other things, the general routing fee for Customer orders to instead provide for an exact charge for routing per specific types of transaction and a particular corresponding fee code, which currently exists in the Fees Schedule today. The Exchange, however, inadvertently did not adopt a fee code for Customer orders routed in index options, which the Exchange had intended to adopt in the migration-related Fee Schedule amendments along with the fee codes currently in place for Customer orders routed in ETF and equity options, as the general routing fee for Customer orders contained in the Fees Schedule prior to migration was assessed for orders in all option classes. As such, the Exchange now proposes to adopt fee codes and reinstate fees in connection with Customer orders routed in index options. Particularly, the Exchange proposes to adopt fee code “RX”, which would be appended to Customer orders routed in Mini-SPX Index (“XSP”)

² 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”). Cboe Options migrated its trading platform to the same system used by the Cboe Affiliated Exchanges on October 7, 2019.

options³ and assessed a fee of \$0.19, and fee code “RS”, which would be appended to Customer orders routed in all other index options⁴ and assessed a fee of \$0.48. The Exchange notes that the routing rates for routed Customer orders in index options, as proposed, would not change from when such fees were in place prior to the migration-related amendments to the Fees Schedule, but rather, would be expressed as their specific, single rates by combining the \$0.15 per contract fee plus the customary Cboe Options Customer execution charges (i.e., \$0.04 for XSP options and \$0.18 in all other index options) and the actual transaction fee assessed by the Exchange to which the order was routed (i.e., \$0.00 for EDGX Options, to which orders in XSP options may be routed, and \$0.15 for C2 and BZX Options, to which orders in all other index options may be routed).⁵ The Exchange also notes that this specific single rate is consistent with the manner in which fee codes for Customer orders in ETF and equity options are currently provided in the Fees Schedule. The Exchange notes that other exchanges, including its affiliated exchanges, assess routing fees expressed as a single fee for routed Customer orders and that the proposed fees are in line with, and generally lower than, those fees.⁶

³ The Exchange notes the XPS options may be routed to its affiliated exchange, Cboe EDGX Exchange, Inc. (“EDGX Options”), as EDGX Options also lists XSP options.

⁴ The Exchange notes that all other index options include Russell 2000 Index (“RUT”) and Dow Jones Industrial Average Index (“DJX”) options. Orders in RUT options may be routed to the Exchange’s affiliates, Cboe C2 Exchange, Inc. (“C2”) and Cboe BZX Exchange, Inc. (“BZX Options”), as these exchanges also list RUT options, and orders in DJX options may be routed to C2, as C2 also lists RUT options.

⁵ See supra note 3 and 4.

⁶ See Cboe C2 Options Exchange Fee Schedule, which assesses a fee of \$0.85 per routed Customer order in both RUT and DJX options; Cboe BZX Options Exchange Fee Schedule, which also assesses a fee of \$0.85 per routed Customer order in RUT options; Cboe EDGX Exchange Fee Schedule, which assesses a fee

In addition, the Exchange also proposes to amend certain language in the Fees Schedule under the Frequent Trader Program table. Specifically, the Fees Schedule currently provides that the Exchange will disperse a customer's rebates pursuant to the customer's instructions, which may include receiving the rebates as a direct payment or via a distribution to one or more of its Clearing Trading Permit Holders. The Exchange notes that the integrated post-migration billing system does not currently offer distribution to Clearing Trading Permit Holder, therefore the Exchange proposed to remove this payment method in connection with the Frequent Trader Program. As such, the proposed change is designed to amend language in the Fees Schedule in order to accurately reflect the manner in which the billing system currently functions. Additionally, the Exchange notes that prior to the migration-related changes made to the billing system the Exchange generally dispersed all customers' rebates as direct payments.

(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.⁷ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁸ 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

of \$0.25 for routed Customer orders in XSP options. See also MIAX Options Fees Schedule which assesses \$0.65 per routed Customer order in penny classes and \$0.15 in non-penny classes.

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(5).

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 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.

The Exchange also believes the proposed fee codes for Customer orders routed in index options are reasonable and equitable because such fees would be reinstated for the same amount they were previously assessed in the Fees Schedule, as the Exchange inadvertently omitted such fees, which were prior in place, when it made migration-related amendments and updates to a majority of its Fees Schedule. As a result, the proposed fee codes would alleviate potential confusion and provide clarity for market participants by ensuring the continuation of fees that were not intended, nor announced, to be discontinued. As stated, the manner in which the proposed single fee rates for Customer orders routed in index options would be provided in the Fees Schedule is consistent with the manner in which the routed fee rates are currently provided for Customer orders routed in ETF and equity options. The Exchange also believes its proposed fees in connection with Customer orders routed in index options are reasonable as the proposed fees take into account routing costs, as they did when

⁹ 15 U.S.C. 78f(b)(4).

previously in place, and are in line with amounts assessed and presented as single fee rates by other exchanges, including its affiliated exchanges.¹⁰

The Exchange believes the proposed routing fees are equitable and not unfairly discriminatory because the proposed fees apply equally to all Customers who choose to use the Exchange to route orders in index options (either in XSP or all other index options). The Exchange highlights that routing through the Exchange is voluntary and that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues or providers of routing services if they deem fee levels to be excessive.

Additionally, the Exchange believes that the proposed change to remove the Frequent Trader Program payment method in connection with distributions to Clearing Trading Permit Holders is reasonable because it is intended to accurately reflect the payment methods currently offered by the billing system post-migration, thereby providing for clarity in the Fees Schedule and mitigating any potential confusion surrounding the Frequent Trader Program payment options. The Exchange also notes that the proposed change would not significantly impact investors as prior to the migration the Exchange generally only dispersed customer's rebates as a direct payment. The proposed change would have no impact on the ability of customer's to receive their payments. The Exchange further believes that the proposed rule change is equitable and not unfairly discriminatory because, as proposed, the same payment method would apply equally to all Frequent Trader Program customer rebates.

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

The Exchange does not believe that the proposed rule change would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of

¹⁰ See supra note 5.

the Act. The Exchange notes that the proposed change to the payment methods in connection with its Frequent Trader Program does not involve or impact trading on the Exchange, and is merely intended to clarify the manner in which the Exchange's billing system currently functions.

Further, the Exchange does not believe that the proposed fee codes would impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the proposed changes would, again, be applied equally to all Customer orders routed in index options. As stated, the Exchange operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or incentives to be insufficient. The proposed rule change would merely reinstate an inadvertently omitted fee in order to continue to reflect a competitive pricing structure designed to incentivize market participants to direct their order flow to the Exchange, which the Exchange believes enhances market quality to the benefit of all TPHs. The Exchange does not believe that the proposed rule change would impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the proposed fee codes are not intended as a competitive change, as these fees were prior in place in the Fees Schedule and recently removed inadvertently. As such, the proposed rule change is corrective and clarifying in nature.

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 Act¹¹ 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 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.

¹¹ 15 U.S.C. 78s(b)(3)(A).

¹² 17 CFR 240.19b-4(f)(2).

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-2019-127]

[Insert date]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to amend its Fees Schedule

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 adopt certain linkage fee codes. 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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The Exchange's Fees Schedule currently provides for fee codes for Routing Fees. In particular, the Fees Schedule currently lists fee codes and their corresponding transaction fee for routed Customer orders to other options exchanges specifically in Exchange Traded Funds ("ETF") and equity options, and for non-Customer orders routed in Penny and Non-Penny options classes. The Exchange notes that in connection with a recent technology migration (including the migration of the Exchange's billing system to a new billing system), the Exchange amended and updated a majority of its Fees Schedule,³ which became effective upon the technology migration.⁴ Prior to the migration-related amendments and updates, the Fees Schedule had provided for a general transaction fee assessed for all routed Customer orders in all options classes. More specifically, it had provided that for Customer orders, in addition to the customary Cboe Options execution charges for each Customer order that is

³ See Securities and Exchange Act Release No. 87495 (November 8, 2019), 84 FR 63701 (November 18, 2019) (SR-CBOE-2019-106).

⁴ 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"). Cboe Options migrated its trading platform to the same system used by the Cboe Affiliated Exchanges on October 7, 2019.

routed, the Exchange passed through the actual transaction fee assessed by the exchange(s) to which the order was routed plus an additional \$0.15 per contract.

In light of the migration, the Exchange amended, among other things, the general routing fee for Customer orders to instead provide for an exact charge for routing per specific types of transaction and a particular corresponding fee code, which currently exists in the Fees Schedule today. The Exchange, however, inadvertently did not adopt a fee code for Customer orders routed in index options, which the Exchange had intended to adopt in the migration-related Fee Schedule amendments along with the fee codes currently in place for Customer orders routed in ETF and equity options, as the general routing fee for Customer orders contained in the Fees Schedule prior to migration was assessed for orders in all option classes. As such, the Exchange now proposes to adopt fee codes and reinstate fees in connection with Customer orders routed in index options. Particularly, the Exchange proposes to adopt fee code “RX”, which would be appended to Customer orders routed in Mini-SPX Index (“XSP”) options⁵ and assessed a fee of \$0.19, and fee code “RS”, which would be appended to Customer orders routed in all other index options⁶ and assessed a fee of \$0.48. The Exchange notes that the routing rates for routed Customer orders in index options, as proposed, would not change from when such fees were in place prior to the migration-related amendments to the Fees Schedule, but rather, would be expressed as their specific, single rates by combining

⁵ The Exchange notes the XPS options may be routed to its affiliated exchange, Cboe EDGX Exchange, Inc. (“EDGX Options”), as EDGX Options also lists XSP options.

⁶ The Exchange notes that all other index options include Russell 2000 Index (“RUT”) and Dow Jones Industrial Average Index (“DJX”) options. Orders in RUT options may be routed to the Exchange’s affiliates, Cboe C2 Exchange, Inc. (“C2”) and Cboe BZX Exchange, Inc. (“BZX Options”), as these exchanges also list RUT options, and orders in DJX options may be routed to C2, as C2 also lists RUT options.

the \$0.15 per contract fee plus the customary Cboe Options Customer execution charges (i.e., \$0.04 for XSP options and \$0.18 in all other index options) and the actual transaction fee assessed by the Exchange to which the order was routed (i.e., \$0.00 for EDGX Options, to which orders in XSP options may be routed, and \$0.15 for C2 and BZX Options, to which orders in all other index options may be routed).⁷ The Exchange also notes that this specific single rate is consistent with the manner in which fee codes for Customer orders in ETF and equity options are currently provided in the Fees Schedule. The Exchange notes that other exchanges, including its affiliated exchanges, assess routing fees expressed as a single fee for routed Customer orders and that the proposed fees are in line with, and generally lower than, those fees.⁸

In addition, the Exchange also proposes to amend certain language in the Fees Schedule under the Frequent Trader Program table. Specifically, the Fees Schedule currently provides that the Exchange will disperse a customer's rebates pursuant to the customer's instructions, which may include receiving the rebates as a direct payment or via a distribution to one or more of its Clearing Trading Permit Holders. The Exchange notes that the integrated post-migration billing system does not currently offer distribution to Clearing Trading Permit Holder, therefore the Exchange proposed to remove this payment method in connection with the Frequent Trader Program. As such, the proposed change is

⁷ See supra note 5 and 6.

⁸ See Cboe C2 Options Exchange Fee Schedule, which assesses a fee of \$0.85 per routed Customer order in both RUT and DJX options; Cboe BZX Options Exchange Fee Schedule, which also assesses a fee of \$0.85 per routed Customer order in RUT options; Cboe EDGX Exchange Fee Schedule, which assesses a fee of \$0.25 for routed Customer orders in XSP options. See also MIAX Options Fees Schedule which assesses \$0.65 per routed Customer order in penny classes and \$0.15 in non-penny classes.

designed to amend language in the Fees Schedule in order to accurately reflect the manner in which the billing system currently functions. Additionally, the Exchange notes that prior to the migration-related changes made to the billing system the Exchange generally dispersed all customers' rebates as direct payments.

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.⁹ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹⁰ 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 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.

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(5).

¹¹ 15 U.S.C. 78f(b)(4).

The Exchange also believes the proposed fee codes for Customer orders routed in index options are reasonable and equitable because such fees would be reinstated for the same amount they were previously assessed in the Fees Schedule, as the Exchange inadvertently omitted such fees, which were prior in place, when it made migration-related amendments and updates to a majority of its Fees Schedule. As a result, the proposed fee codes would alleviate potential confusion and provide clarity for market participants by ensuring the continuation of fees that were not intended, nor announced, to be discontinued. As stated, the manner in which the proposed single fee rates for Customer orders routed in index options would be provided in the Fees Schedule is consistent with the manner in which the routed fee rates are currently provided for Customer orders routed in ETF and equity options. The Exchange also believes its proposed fees in connection with Customer orders routed in index options are reasonable as the proposed fees take into account routing costs, as they did when previously in place, and are in line with amounts assessed and presented as single fee rates by other exchanges, including its affiliated exchanges.¹²

The Exchange believes the proposed routing fees are equitable and not unfairly discriminatory because the proposed fees apply equally to all Customers who choose to use the Exchange to route orders in index options (either in XSP or all other index options). The Exchange highlights that routing through the Exchange is voluntary and that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues or providers of routing services if they deem fee levels to be excessive.

Additionally, the Exchange believes that the proposed change to remove the Frequent Trader Program payment method in connection with distributions to Clearing

¹² See supra note 5.

Trading Permit Holders is reasonable because it is intended to accurately reflect the payment methods currently offered by the billing system post-migration, thereby providing for clarity in the Fees Schedule and mitigating any potential confusion surrounding the Frequent Trader Program payment options. The Exchange also notes that the proposed change would not significantly impact investors as prior to the migration the Exchange generally only dispersed customer's rebates as a direct payment. The proposed change would have no impact on the ability of customer's to receive their payments. The Exchange further believes that the proposed rule change is equitable and not unfairly discriminatory because, as proposed, the same payment method would apply equally to all Frequent Trader Program customer rebates.

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

The Exchange does not believe that the proposed rule change would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange notes that the proposed change to the payment methods in connection with its Frequent Trader Program does not involve or impact trading on the Exchange, and is merely intended to clarify the manner in which the Exchange's billing system currently functions.

Further, the Exchange does not believe that the proposed fee codes would impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the proposed changes would, again, be applied equally to all Customer orders routed in index options. As stated, the Exchange operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or incentives to be insufficient. The proposed rule change would merely reinstate an inadvertently omitted

fee in order to continue to reflect a competitive pricing structure designed to incentivize market participants to direct their order flow to the Exchange, which the Exchange believes enhances market quality to the benefit of all TPHs. The Exchange does not believe that the proposed rule change would impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the proposed fee codes are not intended as a competitive change, as these fees were prior in place in the Fees Schedule and recently removed inadvertently. As such, the proposed rule change is corrective and clarifying in nature.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹³ and paragraph (f) of Rule 19b-4¹⁴ 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.

¹³ 15 U.S.C. 78s(b)(3)(A).

¹⁴ 17 CFR 240.19b-4(f).

IV. Solicitation of Comments

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

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-CBOE-2019-127 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-CBOE-2019-127. 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-2019-127 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

¹⁵ 17 CFR 200.30-3(a)(12).

Options Transaction Fees (1)(3)(4)(7)(15)(33)(39)

| Routing Fees | | | |
|--------------|------------------------------|---|--|
| Capacity | Transaction Fee Per Contract | Description | Notes |
| Customer | {RD} \$0.33 | Routed to AMEX, BOX, BX, EDGX, MERC, MIAX, PHLX, ≥ 100 contracts, ETF | Multiple orders from the same executing firm for itself or for a CMTA or correspondent firm in the same series on the same side of the market that are received within 500 milliseconds will be aggregated for purposes of determining the order quantity. Cboe Options will not pass through or otherwise charge customer orders (of any size) routed to other exchanges that were originally transmitted to the Exchange from the trading floor through an Exchange-sponsored terminal (e.g. a PULSe Workstation). |
| | {RE} \$0.15 | Routed to AMEX, BOX, BX, EDGX, MERC, MIAX, PHLX, < 100 contracts ETF, Equity | |
| | {RF} \$0.83 | Routed to ARCA, BZX, C2, ISE, GMNI, EMLD, PERL, NOMX, ≥ 100 contracts ETF, Penny | |
| | {RG} \$1.18 | Routed to ARCA, BZX, C2, ISE, GMNI, EMLD, PERL, NOMX, ≥ 100 contracts ETF, Non-Penny | |
| | {RH} \$0.65 | Routed to ARCA, BZX, C2, ISE, GMNI, EMLD, PERL, NOMX, <100 contracts ETF, Equity, Penny | |
| | {RI} \$1.00 | Routed to ARCA, BZX, C2, ISE, GMNI, EMLD, PERL, NOMX, <100 contracts ETF, Equity, Non-Penny | |
| | {RS} \$0.48 | Routed, Index | |
| | {RX} \$0.19 | Routed, XSP | |
| Non-Customer | {RJ} \$1.17 | Routed, Penny | |
| | {RK} \$1.45 | Routed, Non-Penny | |

| Frequent Trader Program | | | | | | | | |
|---|---------------|------|------------------------------|----------------|------------------------------------|----------------------|------------------------------|----------------|
| Capacity | Capacity Code | Tier | VIX | | SPX / SPXW | | RUT | |
| | | | Monthly VIX Contracts Traded | VIX Fee Rebate | Monthly SPX/ SPXW Contracts Traded | SPX/ SPXW Fee Rebate | Monthly RUT Contracts Traded | RUT Fee Rebate |
| Customer/ Professional Customer | C U | 1 | 10,000 - 99,999 | 5% | 10,000 - 49,999 | 3% | 10,000 - 24,999 | 10% |
| | | 2 | 100,000 - 299,999 | 15% | 50,000 - 99,999 | 6% | 25,000 - 49,999 | 15% |
| | | 3 | 300,000 and above | 25% | 100,000 and above | 9% | 50,000 and above | 25% |
| Notes | | | | | | | | |
| Customers ("C" capacity code) and Professional Customers ("U" capacity code) (collectively "customers") can obtain a unique identification number ("Frequent Trader ID" or "FTID") which can be appended by executing agents to orders submitted to Cboe Options during both RTH and GTH for both manual and electronic execution. A "customer" for this purpose is a non-Trading Permit Holder, non-broker-dealer. A customer may obtain an FTID by registering for the program at the Frequent Trader Program website. Each customer is responsible for requesting that its executing agent(s) appends the customer's unique FTID to the customer's order(s). Executing agents however, will not be required by the Exchange to append FTIDs to orders, but may choose to do so voluntarily. The volume associated with each FTID will be aggregated to qualify for the tiers and fee rebates of customer transaction fees shown in the table. The highest achieved threshold rebate rate will apply from the first executed contract. The rebates will be based on the actual amount of fees assessed in accordance with the Fees Schedule (e.g., if a customer submits a VIX order for 30,000 contracts, that customer would be assessed fees for only the first 15,000 contracts under the Customer Large Trade Discount Program. Therefore, the customer's rebate would be based on the amount of the fees assessed for 15,000 contracts, not on the value of the total 30,000 contracts executed). The Exchange will disperse a customer's rebates, pursuant to the customer's instructions,[which may include receiving the rebates] as a direct payment [or via a distribution to one or more of its Clearing Trading Permit Holders]. For trades for which volume should have been allocated to one or more FTIDs than were entered on the trade at the time of execution, an executing TPH may add or modify FTID information on post-trade records using the Clearing Editor for changes on the trade date or electronically submit such FTID information to the Exchange in a form and manner prescribed by the Exchange no later 4:29 pm CT, or by such time that the Exchange submits its final trade submission to the Options Clearing Corporation ("OCC") if later than 4:29 pm CT, on the trade date. FTIDs may not be added to orders that were executed prior to the customer registering for the Frequent Trader Program. | | | | | | | | |
